

11/21/78 1979 Agenda

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OFFICE OF THE VICE PRESIDENT
WASHINGTON

November 21, 1978

MEMORANDUM FOR: THE PRESIDENT
FROM: THE VICE PRESIDENT *WJF*
SUBJECT: 1979 AGENDA

The attached book provides the Executive Committee's initial submission to you on the 1979 Agenda. It includes:

- (A) An Overview Memorandum outlining the major considerations we believe ought to be reviewed in planning the 1979 agenda and requesting your decisions in six basic areas.
- (B) An initial inventory of potential candidates for high Presidential priority. This list includes candidates identified by Cabinet Secretaries, NSC, DPS, CL and other sources. We request that you make no decisions concerning priority for these initiatives at this time.
- (C) A similar inventory of potential candidates for high Departmental priority.
- (D) A memorandum showing the potential workload on Congressional Committees if all of the potential candidates are approved as part of next year's legislative program.
- (E) Descriptions prepared by DPS and NSC for each of the potential candidates for Presidential and Departmental Priority.
- (F) A Congressional Impact Analysis prepared by Frank Moore's Office for a select list of potential priority proposals.

These materials reflect the result of intensive work by the Domestic Policy Staff, NSC and other White House units in surveying the Departments and Agencies and gathering recommendations to provide us with an initial view of the potential legislative horizon for next year. They reflect preliminary staffing and discussion with Senior Staff at a meeting last Monday. They do not reflect (1) decisions that must be made as a part of the budget process which will undoubtedly result in important legislative proposals; and (2) initiatives that may emerge as we begin to get a sharper picture of the major parameters of next year's program, including priorities that may independently be identified by the various Congressional Committees; and (3) the results of detailed consultation with Congressional leaders and key constituencies.

White House staff responsible for Congressional, Intergovernmental, Party and Public Liaison will be coordinating closely on strategy for consultation. Congressional and policy staff are consulting with each of the major House and Senate committees. Staff responsible for liaison with constituency groups will be holding low key "listening" sessions to gather views on general issues and evaluate interest in a number of candidates for Administration priority. Senior staff will be participating in selected sessions with the first stage of the outreach process to be complete by mid December.

Over the course of the coming weeks we will be gathering and assessing this information and providing you with our recommendations on the major decisions that must be made in shaping next year's program. Stu, Zbig and/or I will be consulting individually with appropriate Cabinet Members on priorities recommendations directly affecting their Departments. The Executive Committee would then like to present our recommendations to you to get your tentative guidance, subject to review and discussion by the Cabinet as a whole. Following Cabinet comment on the composite agenda, your final decisions could be made.

Limitation on White House Priorities

On the basis of this year's experience, and within the parameters of the legislative program that is now emerging for 1979; your advisors are agreed on two points:

(1) We will be working with a set of priorities that will be difficult to sustain in the Congress next year. The budget will require not only defensive action to avoid expensive "add-ons" but also affirmative action to enact legislation to cut expenditures for popular entitlement programs. We will be taking on more powerful lobbies as we press for further regulatory reform. And we will have few "sweeteners" to help build support for the major initiatives we seek to pass.

(2) Especially in the environment we are anticipating next year, there will be a sharp limitation on the number of initiatives that can be managed on a daily basis by the White House.

In view of these constraints, as we begin to frame our recommendations to you on specific priorities, we believe we must seek to limit to approximately 15 the number of initiatives that are designated for day-to-day supervision by the White House. This limitation should in no way foreclose your option to publicly present other popular, but less crucial initiatives as high priorities of your Administration. It would merely establish the distinction between those initiatives for which primary management responsibility will be placed in the White House, and those for which primary responsibilities will be placed in the departments, subject to routine monitoring by White House staff.

Recommendation: To limit to approximately 15, the number of White House legislative priorities during the year.

Approve ✓

Disapprove J

Creation of White House Task Forces

We think the chances for success on most, if not all, the legislative initiatives ultimately designated for White House priority would be greatly enhanced by designation from the start of task forces representing all of the major resource units within the EOP. For each initiative a task force would be recommended with a specific project leader to coordinate policy and Congressional, press and public outreach strategy.

Recommendation: That White House Task Forces be designated with specific project leaders as soon as the major priorities decisions have been made.

Approve _____

✓

Disapprove _____

✓

Themes

While we must await the results of the budget process and further staffing (mid-December) to make recommendations on the priority that should be assigned to specific candidates, we believe it would be useful to reach agreement on broad objectives to guide both the substance and presentation of next year's legislative program. Four possible themes have been identified, two of which have been suggested as dominant goals; and two as secondary themes we should stress. They are presented to you at this time for decision in concept only, and can obviously be refined for presentation to the public.

Suggested Dominant Themes

-- Fighting inflation (sharing sacrifice fairly) while maintaining a strong economy.

-- Leadership on foreign policy with emphasis on peace, SALT, Mideast, and maintaining a vigorous defense.

Suggested Secondary Themes

-- Efficiency and Management of Government (curbing and removing the root causes of waste, fraud and abuse.)

-- Compassion (In time of austerity, we will not abandon those in need).

Recommendation: That you approve in concept the four suggested themes.

Approve _____

✓

Disapprove _____

✓

Key Policy Decisions

A list of domestic initiatives which are candidates for high priority are attached at Tab B, together with an analysis of candidates for the 1979 Legislative Program submitted by the agencies, and an analysis listing these candidates according to committee jurisdiction. These lists do not constitute a recommendation, but are simply a survey of agency requests.

We recommend against Presidential decisions on a list of priority initiatives at this time. In mid-December, as our consultations with the Cabinet, and preliminary surveys of outside groups and members of Congress proceed, and as the outlines of the budget are filled in, we will present the question of priorities to you for decision. dh

In order for consultation with Congress and outside groups and the process of assembling legislation to proceed on schedule, decisions on the likely content of our priority list and the general shape of each priority initiative should be made by mid-December.

Many important priorities for next year have already been identified by Presidential decision or dictated by circumstances. Frank Moore would like to discuss these priorities in early consultations with the Congress. In the area of foreign policy the year will clearly be dominated by SALT, the Mideast, the MTN, and Countervailing Duties Waiver, and securing enactment of the Panama Canal Implementing Legislation. In addition, the defense budget and Southern Africa have been identified for general discussion.

In domestic policy the overriding priority will be the Anti-Inflation program, including

- o enactment of Real Wage Insurance
- o achieving success in administering the guidelines program
- o pursuing waste and fraud in Federal programs, instituting management reforms in troubled agencies, implementing Civil Service Reform and implementing your announced regulatory analysis and reform initiatives
- o succeeding on critical fights to maintain our budget limits in the Budget Resolutions, appropriations process and the legislative arena

- o securing enactment of the CWPS reauthorization without amendments damaging to our program
- o enacting Hospital Cost Containment, Surface Transportation Regulatory Reform, sunset legislation, Federal pay comparability reforms, and additional anti-inflation legislation which may emerge from EPG studies.

While some individual items in the Anti-Inflation program should be assigned Agency rather than White House priority, the overall success of this effort will be the Administration's major objective.

In addition to the initiatives announced with the Anti-Inflation Program, several additional decisions affecting the general direction of policy next year have already been made. Initiatives to which we are publicly committed include:

- o A National Health Plan
- o The Department of Education
- o Alaska D-2 Lands
- o A Solar Energy initiative

Members of the House will be in Washington the first week of December for organizational meetings. On the basis of decisions already made, we will be able to brief the membership (including new members) on the general outline of the Administration's priorities for next year at that time.

However, there are a number of potential major initiatives on which the general direction of policy is unsettled. For these, we believe it is important to establish a schedule for early decision on policy direction.

1. Real Wage Insurance

We need to move on this

Securing prompt enactment of this initiative is crucial to the success of the anti-inflation effort. Although the outline of our program has been announced, decisions on crucial open questions remain. The most important involve: (1) whether and how to place limits on budget exposure (through an overall cap on cost, a per-person limit or a CPI cap above which insurance would not be paid) and (2) the extent to which coverage should include only workers whose wage demands we seek to influence or should be expanded to cover others who are also asked to sacrifice in

1979 Agenda

Overview

Background

In preparing the 1979 Agenda, we felt it useful to begin by briefly reviewing the results last year.

As you may recall, twenty-five legislative initiatives were initially targeted for varying levels of Presidential priority. During the course of the year, New York City Financing, the D.C. Voting Rights Amendment, and Wiretap Legislation were added to the list of high priorities that formed the basis for our consultations with the Congress. In addition to the goal of holding the line on the budget, two major budget fights emerged as high Presidential priorities: the DOD Authorization and the Public Works Vetoes. The following provides a rundown on the priority objects and results achieved.

Successful or Moderately Successful

Energy
Youth Jobs Initiatives
CETA Extension
International Economic Initiatives (including financing for IFI's)
Panama Canal Treaties
FY 79 Budget (Holding the Line)
Civil Service Reform
Nuclear Non-Proliferation Legislation
Airline Deregulation
Lifting Turkish Arms Embargo
Ethics Legislation
Education Legislation
Humphrey-Hawkins
Civil Rights Reorganization
Mideast Arms Sales
New York City Financing
Wiretap Legislation
DOD Authorization Veto
Public Works Veto
D.C. Voting Rights Amendment

Defeat

Labor Law Reform
Consumer Agency
Tax Reform

Mixed Results (Possible or strong base for passage next year)

Urban Initiatives
Hospital Costs
Welfare Reform
Education Department
Lobby Reform
Intelligence/FBI Charters
Alaska D-2 Lands

Of a total of 30 Presidential Legislative Priorities last year, we were successful or moderately successful on 20. We suffered clear defeats on 3. On the remaining 7 we either achieved mixed results (e.g. victory in one house but insufficient time to complete action) or we believe that a basis was successfully established if you wished to pursue these initiatives again next year.

A quick review therefore demonstrates (a) that the priorities established at the beginning of 1978 by and large held throughout the course of the year; and (b) we were clearly or partially successful on two out of three of the legislative initiatives you selected for high priority.

As you know, in part that success was achieved through "pre-programming" by deliberately including among the candidates for high priority a few highly popular initiatives that would probably pass without a heavy commitment of your personal time (e.g. Elementary and Secondary Education Act, Ethics Legislation, Youth Employment Programs, Non-Proliferation Legislation).

Nevertheless, the program in general was a difficult one, and victories were achieved on many controversial and extremely important initiatives (e.g. Panama, Mideast Arms Sales, Civil Service Reform, and Energy).

There is virtually unanimous consensus on the part of your staff that in the case of crucial and highly controversial initiatives, we were most successful in cases where specific task forces were created to coordinate and mobilize all of the major resource units within the White House on behalf of your priority goals. Although there are no readily available tools for measurement, we believe that these task forces also helped to minimize non-essential demands on your time. For example, in the case of Civil Service Reform, the Defense veto and the Public Works veto, members of the Cabinet, White House staff and others were able to carry out regional press briefings, to meet with Members of Congress, to enlist the help of key constituencies, and to help build the base needed for ultimate success.

order to reduce inflation (such as low-wage workers who will get compensation increases of more than 7% because of the minimum wage law; union workers under existing contracts; Federal workers, the self-employed and farmers).

The EPG is meeting regularly on this question, and consulting with Congressional leaders, business and labor. A report will be furnished to you by December 15.

2. Reorganization

OMB has developed a number of reorganization options for next year, permitting selection of a reorganization program ranging from relatively noncontroversial proposals to improve management of economic development programs to a more ambitious effort which would restructure the skyline of the Executive Branch to a significant degree. The potential elements of a major reorganization are:

1. Combine NOAA (Department of Commerce) and the Forest Service (Department of Agriculture) with a revised Interior to form a new Department of Natural Resources.
2. Combine EDA (Department of Commerce), the Title V regional commissions (Department of Commerce), CSA, elements of Farmers Home Administration (Department of Agriculture) and possibly OMBE (Department of Commerce) with HUD to form a new Department of Economic and Community Development.
3. Refocus USDA into a new department by merging the Bureau of Foods (from HEW/FDA) into USDA to form a new Department of Food and Agriculture.
4. With what is left of Commerce, either:
 - a. Leave standing, either as the Department of Commerce, or as a new sub-cabinet agency.
 - b. Transfer to other agencies and eliminate Commerce.
 - c. Enhance, with various related additions, mainly from Treasury.

Another option would involve merging the UDAG program (HUD) and the National Development Bank and elements of the Farmers Home Administration (Agriculture) into Commerce to form a Department of Commerce and Economic Development.

Reorganization is an important Administration commitment. On the other hand, and if successful would be an important achievement. Reorganization on this scale is likely to be highly controversial with key constituencies (depending on the options selected) including urban and rural constituencies, State and local government and both timber interests and conservationists. There will be dispute as to whether improved program management would result.

Most important, if the most ambitious reorganization options were selected, they could be expected to meet substantial Congressional opposition and to consume much of the time of key committees (Senate Governmental Affairs, Public Works, Banking, Commerce and Agriculture and House Government Operations, Public Works, Banking, Commerce and Agriculture) for the first several months of the Session -- including elements of the anti-inflation program.

If you approve, OMB will submit to you by December 15 a decision memorandum designed to set the general parameters of reorganization strategy, without asking for decisions on program details.

Approve

✓

Disapprove

J

3. National Health Insurance

HEW had planned to publish for public comment in mid-December a comprehensive health insurance plan with phasing-in of benefits dependent on a Presidential decision regarding economic circumstances and the success of earlier phases. Total costs when fully implemented would be in the \$40 to \$60 billion range. It is highly unlikely that any proposal we can endorse would meet with approval of the Kennedy/Labor group. However, a "comprehensive" approach would be severely attacked by business and many economists as inflationary and would be strongly opposed by the medical lobby. Such a proposal has virtually no chance of enactment.

An alternative would be to describe the final objective of comprehensive coverage only in terms of principles, and to submit legislation for a first phase.

< better

This legislation might include catastrophic coverage for all Americans, improvements in maternal and child health (including our CHAP proposal) and perhaps some improvements in Medicare and Medicaid. This proposal would be popular with Senator Long, is much more likely to be enacted, and might well help secure support for cost containment. Enactment of catastrophic coverage

would be seen by most Americans as meeting the most pressing need. Cost of such a proposal could range from \$5 to \$10 billion in FY 1983.

The Executive Committee strongly believe that the second option should be fully considered. We recommend that a decision memorandum be prepared by HEW for submission to the White House no later than December 7, and to you after prompt review by Senior Staff, OMB and the PRM agencies.

Approve ✓

Disapprove ✓

4. Undocumented Aliens

During the last Congress, the Administration submitted legislation which would impose sanctions on employers who hire illegal aliens and would adjust the status of many who are now in the U.S. illegally. The bill was very controversial, especially in the Southwest, with elements of both the Hispanic and business communities. In addition, your foreign policy advisers are concerned about the negative impact of this proposal on our relations with Mexico, especially in view of your upcoming visit.

While the creation by Congress of a Select Commission on Immigration and Refugee Policy, which is directed to submit a report by September, 1980, could provide a justification for submitting no legislation to this Congress, illegal immigration is a major problem and there is growing public concern.

The question of whether to submit legislation in this area will be submitted to you by mid-December in the context of the NSC Mexico PRM, with the participation of domestic agencies and DPS.

Approve ✓

Disapprove ✓

5. Welfare Reform

The Departments of HEW and Labor are preparing options containing important efficiency measures and program improvements. The major areas of likely reform include improved administration and fraud reduction, two parent cash coverage, a national minimum benefit, coordination with CETA jobs, private sector work incentives, and fiscal relief.

Options are being prepared at costs when fully effective (FY '82) ranging from \$4 billion to \$12 billion. If you approve, the

Departments will submit to you by December 7 a decision memorandum designed to establish the parameters of the Welfare initiative.

Approve ✓

Disapprove Keep Costs down J

6. Election Reform

Last session the Administration submitted an Election Reform proposal containing public financing of Congressional campaigns, universal voter registration, and a number of improvements in the existing Federal Election Campaign Act. Decision is required on which, if any, of these initiatives should be resubmitted. (Note that Speaker O'Neill has said that public financing will be a top priority of the House leadership.)

If you agree, the Executive Committee, together with the Justice Department, will submit to you by December 13 a decision memorandum on this question.

Approve ✓

Disapprove J

7. Solar Energy

The Domestic Policy Review which you commissioned is almost complete. New initiatives could include changes in Federal procurement and mortgage policies to encourage solar; new tax incentives; rearranged, or increased, research development and demonstration efforts; better public information, and new international initiatives. There is enormous Congressional and general public interest in solar, and much may be done by the Congress with or without Administration initiative. Conflict likely over a solar powered satellite, as well as funding levels for popular solar programs.

The present schedule calls for a decision memorandum to you by December 5.

Approve ✓

Disapprove J

Note: Handguns omitted per Executive Committee discussion. good

8. Urban Policy

While important administrative reforms have been implemented, the Urban Policy legislative package met with only mixed success on the H-11. 13 of 19 legislative proposals were enacted

(including Urban Parks, the Employment Tax Credit and a strong CETA bill). Key proposals including Supplementary Fiscal Assistance and Labor-Intensive Public Works were in essence rejected, while the National Development Bank and State Incentive proposals were not fully considered under the pressure of time and other legislative priorities.

It is clear that the need for a tight budget precludes re-submission of the entire program. There appears to be consensus (including OMB) that at least the Development Bank should be resubmitted. Because of the importance of the Urban Policy and of the urban constituency, we recommend a separate review of the legislative and major budget decisions involved. If you agree, OMB and DPS will work together to produce a decision memorandum on this subject by December 18.

Approve ✓

Disapprove ✓

9. Labor Law Reform

The Executive Committee is agreed that our decision on whether to submit last year's bill, no bill, or a revised bill should in large part be guided by the AFL-CIO's analysis of the legislative situation, which has apparently become more difficult as a result of changes in Senate membership. (We are convinced that the AFL will not want to pursue a hopeless course.) If you agree, we will ask Secretary Marshall to work with Stu and Hamilton to consult with the AFL and key Hill leaders, and report to you by December 20.

Approve ✓

Disapprove ✓

10. Oil Pricing

Further consideration must be given to the need for future action to raise domestic oil prices, either administrative, legislative or both, in view of the President's Bonn commitment to raise domestic prices to the world level by 1980, and of the Administration's anti-inflation objectives. Increases in domestic oil prices will contribute to inflationary pressures -- adding (depending on the approach taken) as much as 1% to the CPI by the end of 1980.

Under the Energy Policy and Conservation Act of 1975, the President has some discretion now to increase oil prices (and thereby producer revenues). On May 31, 1979, oil price controls

are no longer mandatory, and the President may either retain or eliminate (fully or partially) price controls. All oil price control authority expires on September 31, 1981.

A variety of options are available, some requiring legislation, others purely administrative. If the Administration were to propose decontrol together with some method of recouping excessive profits to industry, a tax mechanism, and possibly a Congressional decision on use of the funds collected, would be required. If the decision were to decontrol, either in full or gradually (or to maintain the status quo), no Congressional review would be required, although some Congressional objection, in the form of legislation amending EPCA, might be introduced. Whatever our resolution of the issue, some controversy is to be expected. The oil producers are looking for new price incentives, and will doubtless press legislatively if the Administration does not initiate price increases. Those who favor price regulation will not look favorably on decontrol unless some legislative mechanism to recoup benefits of decontrol is provided, and even then may oppose it on inflation groups.

An interagency working group is scheduled to present recommendations to you by December 5.

Approve ✓

Disapprove 

11. Genocide Convention

State, and NSC have identified ratification of the Genocide Convention as an important priorities decision for next year. On the one hand, ratification is important to our credibility internationally on human rights. On the other hand, requesting Congressional action on the Genocide Convention could have serious potential adverse impacts on SALT. This issue arises in the context of your December 6th Speech on Human Rights. NSC will submit an assessment and decision memorandum to you on this question by December 1.

Approve ✓

Disapprove 

Executive Committee Review of FY 80 Budget

Clearly your FY 80 budget recommendations will play a dominant role in shaping next year's legislative program and priorities. Given the choices that have emerged thus far, the primary question will not be whether we absorb political pain, but how much, in which areas and constituencies and at what cost in relation to other crucial objectives.

As the recommendations for individual agencies are being framed and passed back to the Cabinet, Jim McIntyre and his staff have established a process to involve the major White House units in the exchange of information and suggestions.

In addition, time has been set aside in early and mid-December for Cabinet appeals and a final round of decisions by OMB. While I am uncertain of Jim McIntyre's thoughts on this point, I believe that a few days should be set aside for the Executive Committee to review the critical last round of final decisions. This will be the only opportunity for your senior Congressional, policy, public liaison and political advisors to review the budget in its entirety with a view toward how it can be presented and sold, and if necessary how it might be adjusted -- at least at the margins -- and increase the chances for success on both budget and other priority goals. Jim McIntyre and his top staff would, of course, play a central role in this review.

Recommendation: That you approve a procedure by which the Executive Committee would have an opportunity to review the final round of budget recommendations before they are submitted to you for decision.

Approve

✓

Disapprove

*Very
small
group -
if ok with
McIntyre*

B High White
House Priority

Inflation/Economy

- ✓ Hospital Cost Containment (HEW) (Page 22)
- ✓ Real Wage Insurance (Treasury) (Page 50)
- COWPS Reauthorization (Treasury) (Page 52)
- HEW Cost-reductions (HEW) (Page 23)
- Surface Transportation Deregulation (DOT) (Page 20A)
- Federal Compensation Reform (OPM) (Page 7)
- Sunset/Regulatory reform legislation (OMB, CEA, Commerce)
(Page 18)
- Other potential anti-inflation legislation under study by
EPG
 - o Minimum wage rollback/delay/youth differential
(Labor, Commerce)
 - o Social Security tax reduction (Treasury, HEW)
 - o Federal excise tax reductions (Treasury)
 - o Incentives for state/local anti-inflation actions
(Treasury)
 - o Agricultural Legislation (Agriculture)
 - o Modifications to Davis-Bacon and Service Contract
Acts (Labor) (Page 29)
 - o Additional cost-reducing legislation emerging from
budget process.
- ✱ Multilateral Trade Negotiation/Export Administration Act
extension (STR, Commerce, Treasury, State) (Pages 51-52)
- Domestic Oil Pricing (Energy) (Page 5)
- Potential Antitrust Initiatives (Justice) (Page 43)
- ✓ Countervailing Duties Exemption (STR, Treasury) (Page 51)

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Compassion

National Health Plan (HEW) (Page 22)

✓ o Catastrophic or more extensive coverage for middle class possible involvements in Medicare, Medicaid (Page 24)

✓ o CHAP (Page 22)

✓ o HMO Amendments (Page 26)

✓ o Hospital Cost Containment (Page 22)

Welfare Reform (HEW) (Page 33)

Labor Law Reform (Labor) (Page 29)

✓ National Development Bank (Treasury) (Page 3)

Department of Education (OMB) (Page 21)

Efficiency

Economic Development Reorganization (Department of Community Development) (OMB) (Page 3)

Natural Resources Reorganization (Department of Natural Resources) (OMB) (Page 45)

Waste, fraud and management reforms (largely administrative and including implementation of Civil Service Reform) (OMB, OPM)

Criminal Code Reform (Justice) (Page 41)

Sunset (OMB) (Page 18)

Solar Initiatives (Energy) (Page 7)

Other

✓ Alaska D-2 Lands (Interior) (Page 44)

✓ Election Reform (Justice) (Page 15) *Pub financing*

Handgun legislation (Justice) (page 43)

Undocumented Aliens (Justice) (Page 41)

Lobby Reform (Justice) (Page 15)

DEFENSE AND FOREIGN POLICY CANDIDATES FOR HIGH PRIORITY

✓ SALT II

DOD Authorization and Appropriation Supplemental (FY 79)

DOD Authorization and Appropriation for FY 80

Comprehensive Test Ban

✓ MTN/Contervailing Duties

Foreign Assistance

Intelligence Charters

Genocide and Other Human Rights Conventions

Middle East Assistance

C High Dept.
Priority

CANDIDATES FOR DEFENSE AND FOREIGN POLICY PRIORITY

✓ Panama Enabling Legislation

UN Assessed Contributions

UN Sanctions on Rhodesia

Major Arms Sales

Korea

Treaty of Tlateloco

Turkish/Greek Military Arrangements

Philippine Base Agreement

IMF Quota Increase

Commodity Agreements

Extension of the Export Administration Act

Jackson-Vanik

Renewal of Azores Base Agreement

IAEA Voluntary Offer

Military Construction Authorization FY 80

Defense Officer Personnel Management Act (DOPMA)

NATO Standardization, Interoperability and Readiness

Acquiring Property or Services from Friendly Foreign Governments
and International Organizations

Wage Board Pay Reform

Intelligence Authorization Bill FY 80

Unauthorized Disclosure

PRIORITY CANDIDATES

Agriculture

RARE II implementation (Agriculture) p. 46

Sugar (ratification of International Sugar Agreement,
price support legislation) (Agriculture) p. 1

Crop Insurance (Agriculture) p. 1

Extension/expiration of 80% of parity milk price
support floor (Agriculture)

International Emergency Wheat Reserve (Agriculture) p. 1

Commodity Credit Corporation (Agriculture)

Rural policy initiatives (rural reporting requirements,
rural housing subsidies, rural communications, others)
(Agriculture) p. 2

Child Nutrition Program Reforms (legislation expires
1980) (Agriculture) p.34

Economic Development

✓ National Development Bank (Treasury, HUD, Commerce) p.3

State Community Conservation and Development Act (HUD) p.3

Labor-Intensive Public Works (Commerce)

Action Authorization (includes Urban Volunteer
Corps) (ACTION) p.3

SBA Amendments (vetoed) (SBA)

Economic & Community Development (EDA) Extension (Commerce)

Industrial Revenue Bonds - permit underwriting by banks
as well as brokerage houses (Treasury) p.3

State Energy Management & Planning Act (DOE & Commerce) p.9

Energy

Solar Energy (DOE) p.7

Nuclear Waste Management (DOE, EPA) p.8

General Government

General Revenue Sharing (Treasury) p.11

Countercyclical Revenue Sharing (Treasury)

ERISA Amendments (Labor) p.11

NASA Reauthorization

GSA Reorganization (OMB)

Financial Regulatory Reform (Treasury) p.12

Consolidation of Banking Agencies

McFadden Act

Bank underwriting of Revenue Bonds

Federal Reserve membership

Regulation Q

Government Reform

Lobby Law Reform (Justice) p.15

Citizen Participation in Regulatory Proceedings (Justice)

Consumer Class Actions (Justice) p.42

Standing for Indirect Purchasers (Illinois Brick) (Justice)
p.42

Citizen Standing to sue the Federal Government (Justice)p.20A

Flexitime Work Schedules (OPM)

FBI Intelligence & Non-Intelligence Charters (Justice) p.41

Stanford Daily Legislation (Justice)

Housing

Condominium Act (HUD) p.37

Home Mortgage Disclosure Act (HUD)

Modification and Simplification of Housing Programs (HUD)p.37
Assistance to Voluntary Associations (HJD) p.38
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Mixed Income Rental Housing Production Demonstration (HUD)p.39
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Anti-Displacement Initiatives for Homeowners and
Tenants (HUD) p.40

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Health Professions Educational Assistance Act Extension
Health Planning Act Extension
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Economic Opportunity Extension (Headstart, follow-through)
Veterans' Legislative Package (Third Party Reimbursement
for Veterans' Medical care, Veterans' readjustment
counselling, veterans Alcohol & Drug Treatment Program)
(VA) p.30
G.I. Bill.

Law Enforcement & Justice

LEAA Reauthorization (Justice)

DEA Reauthoriation (Justice)

Border Management Reorganization (OMB/Justice/Treasury)

Refugee Legislation (Justice/HEW/State)

Efficiency Package: p.42

Diversity Jurisdiction (Justice)

Civil Priorities (Justice)

Dispute Resolution Act (Justice)

Arbitration (Justice)

Appeals Court Reforms (Justice)

Supreme Court Jurisdiction (Justice)

Antitrust Grant Program (Note: Department does not plan to extend) (Justice)

Civil Rights Commissions Reauthorization (CRC, Justice)

Natural Resources

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Mining Law of 1872 Amendments (Interior) p.44

Water Policy Legislation (Interior) p.46

Returnable Bottles/Mandatory Product Changes (EPA) p.46

Wild & Scenic River Additions, Park System Wilderness and Wildlife Refuge Wilderness proposals (Interior)p.47

Safe Drinking Water Act Reauthorization (EPA) p.47

Endangered Species Act Reauthorization (Interior) p.47

Toxic Substances Control Act Reauthorization (EPA)

Heritage Program p.45

Transportation

Highway Safety Act of 1978 (DOT)

Airport & Airway Development Act Extension (DOT)

Railroad Amendments of 1978 (DOT)

Additional Con Rail Funding (DOT) p. 49

Deepwater Port Act Extension (expires 1980) (DOT)

D Committee
Jurisdiction

SENATE BANKING

- Solar energy
- Rural housing extension
- Privacy
- Major reorganization proposals
 - economic and community development reorganization (interested)
- ✓ National Development Bank
- State Community Conservation and Development Act
- Condominium Act
- Housing Program modifications and simplifications
- HUD legislation package
- Financial institution regulatory reform
- Exchange Stabilization Fund authorization
- CWPS Reauthorization
- Trade
- IMB Quota Increase
- Commodity Agreements*

SENATE COMMERCE, SCIENCE, TRANSPORTATION

- Maritime policy
- Surface Transportation regulatory reform
- Conrail
- Export Administration Act of 1969
- Communications regulatory reform
- Major Reorganization
 - natural resources reorganization
- Aquaculture
- Environmental message
- Export Administration Act of 1969
- Deep Seabed Mining

SENATE ENERGY/NATURAL RESOURCES

- Oil pricing
- Nuclear licensing and siting
- ✓ Clinch River Breeder Reactor
- Coal Slurry
- DOE authorization
- Solar energy
- NEP II
- Alaska pipeline inspection
- Comprehensive State Energy Management Planning
- Power Management in the Pacific Northwest
- 1972 Mining Law Reform
- ✓ Alaska lands
- Reclamation Act amendments
- Navajo/Hopi Relocation
- Wilderness proposals
- Aquaculture
- Heritage program

Senate Energy/Natural Resources (cont..)

NEPA
RARE II
Indian Health Care Improvement Act*
Deep Seabed Mining
Natural Resources reorganization
Comprehensive Test Ban
IAEA Voluntary Offer

SENATE ENVIRONMENT/PUBLIC WORKS

- ✓ Surface Transportation deregulation
- Energy impact assistance
- Nuclear Waste management
- NEPA
- Non-game Wildlife
- Clean Air
- Safe Drinking Water
- Major reorganizations
 - Economic and Community Development Reorganization (interested)
- Transportation deregulation
- Cross-Florida barge canal
- Water Policy
- Water Project deauthorization
- Returnable Bottles
- ✓ National Development Bank
- State Community Conservation and Development Act
- Labor intensive public works
- Public Works and Economic Development Act

SENATE BUDGET

IMF Quota Increase
Extension of the Export Administration Act

SENATE FINANCE

Oil pricing
NEP II *
Sugar
Wheat Reserve *
Meat and Poultry inspection reform *
Rural Housing extension
Welfare Reform
Social Security cost reductions

Senate Finance (cont..)

Title XX of Social Security
Child Support Enforcement amendments
Child Welfare amendments
Refugee Assistance
ERISA amendments
Pension Commission
General Revenue Sharing
National Health Plan
✓Hospital Cost Containment
✓Child Health Assissment Program
Medicare-Medicaid reform
Medicare-Medicaid cost-reducing proposals
Physician reimbursement reforms
✓HMO amendment
Maternal and Child Health amendments
PSO
Real Wage Insurance
Exchange Stabilization Fund authorization
Incentives for Capital Formation
Carry-over Basis
Taxation of Fringe Benefits
Independent Contractors
Custom Convention on Containers
MTN
Trade
Jackson-Vanik
Commodity Agreements

SENATE COMMITTEE ON INTELLIGENCE

Intelligence
✓SALT II
Korea*
Intelligence Authorization Bill (FY80) Intelligence Committees
Unauthorized Disclosure

(* Committee jurisdiction uncertain at this time)

SENATE AGRICULTURE

Sugar
Crop Insurance
Wheat Reserve
Meat and poultry inspection reform
Rural housing extension
Major reorganization proposals
-- natural resources reorganization
Welfare reform
Child Nutrition
Economic and Community Development Reorganization (interested)
Commodity Agreements *

SENATE APPROPRIATIONS

✓ Clinch River Breeder Reactor
DOD Authorization and Appropriation Supplemental Bill (FY79)
DOD Authorization and Appropriation Supplemental Bill (FY80)
Foreign Assistance
Middle East Assistance
✓ Panama - Enabling Legislation
UN Assessed Contributions
UN Sanctions on Rhodesia
Turkish/Greek Military Arrangements
Philipine Base Agreement
IMF Quota Increase
Refugee Legislation
Acquiring Property or Services from Friendly Foreign Governments
and International Organizations
Wage Board (blue collar) Pay Reform

SENATE ARMED SERVICES

✓ Nuclear Waste management*
✓ SALT II
DOD Authorization and Appropriation supplemental (FY79)
DOD Authorization and Appropriation supplemental (FY80)
Comprehensive Test Ban
Middle East Assistance
✓ Panama - Enabling Legislation
PRC, Vietnam, possibly Cuba Normalization
Major Arms Sales
Korea
Turkish/Greek Military Arrangements
Philipine Base Agreement
Commodity Agreements*
Renewal of Azores Base Agreement
Military Construction Authorization, FY 1980
Defense Officer Personnel Management Act
NATO Standardization, Interoperability, and Readiness
Acquiring Property or Services from Friendly Foreign Govt/Intl Org.

SENATE FOREIGN RELATIONS

- Sugar
- Wheat Reserve
- Non-proliferation Nuclear Energy
- Export Administration Act of 1969
- Deep Seabed Mining
- ✓ SALT II
- Trade*
- Foreign Assistance
- Comprehensive Test Ban
- Middle East Assistance
- Genocide and Other Human Rights Conventions
- ✓ Panama -- Enabling Legislation
- UN Assessed Contributions
- UN Sanctions on Rhodesia
- PRC, Vietnam, Possibly Cuba Normalization
- Major Arms Sales
- Korea
- Treaty of Tlatelolco
- Turkish/Greek Military Agreements
- Philippine Base Agreement
- Commodity Agreements*
- Renewal of Azores Base Agreement
- IAEA Voluntary Offer

SENATE GOVERNMENTAL AFFAIRS (often Government Operations in back-up)

- Nuclear Licensing and Siting (maybe)
- Energy Impact Assistance
- Alaska Pipeline Inspection*
- SCEMP*
- Lobby Law
- Pension Commission
- Hatch Act
- Veterans' Preference
- Sunset
- Federal Employee Compensation Reform
- Privacy
- Major Reorganizations
 - Administrative Services
 - Natural Resources
 - Economic and Community Development Reorganization
- Privacy
- Regulatory Process
- State and Community Conservation and Development Act
- Consolidation of Banking Agencies
- Davis-Bacon and Service Contract Modifications
- Nonproliferation (energy)*
- Trade
- ✓ Panama -- Enabling Legislation
- Wage Board (blue collar) Pay Reform
- IAEA Voluntary Offer (Subcommittee/Environment, Energy and
Natural Resources)

SENATE HUMAN RESOURCES

Urban Volunteer Program
Welfare Reform
Refugee Assistance
Domestic Volunteer Service Amendments
ERISA Amendments
Pension Commission
Federal Standards for State Workers
Labor Law Reform
Davis-Bacon and Service Contract Modifications
National Health Plan
Hospital Cost Containment
Saccharin Ban Prohibition
Health Professions Educational Assistance Act
Community Mental Health Systems Act
Health Planning Amendments
Drug Regulation Reform Act
Emergency Medical Services Program
Recombinant DNA Regulation Act
Indian Health Care Improvement Act
Department of Education
Higher Education Act of 1965 Reauthorization/National
Defense Education Act of 1958 Reauthorization

SENATE JUDICIARY

Surface Transportation Regulatory Reform
Ownership of Coal Resources by Major Oil Companies
Regulatory Process
Refugee Assistance
Criminal Code Reform
Undocumented Aliens
FBI Intelligence Charter
FBI General Charter
Justice Systems Improvement Act
Class Actions
Institutionalized Persons
Standing for Indirect Purchasers
Diversity Jurisdiction
Dispute Resolution Act
Arbitration
Handguns
Antitrust
Speedy Trial Act
Refugee Legislation

SENATE RULES

FECA Amendments
Public Financing of Congressional Campaigns
Voter Registration
Regulatory Process

SENATE VETERANS

Limit Reimbursement for Travel in Connection with VA
Non-service Connected Outpatient Medical Care
Third Party Reimbursement for Veterans Medical Care
Veterans Readjustment Counseling Veterans with Alcohol
and Drug Treatment Program
VA Vocational Rehabilitation
Modification of Veterans Discharge Review Amendments
GI Bill Improvement Act
Authority to Provide Grants for Construction and
Renovation of State Veterans Homes
Exchange of Medical Information
VA Disability Compensation Cost-of-Living Increase

SENATE SMALL BUSINESS

Crop Insurance*
Economic and Community Development Reorganization (interested)

MULTIPLE INTEREST (unnamed)

Deep Seabed Mining
Water Policy

HOUSE AGRICULTURE

Sugar
Crop Insurance
Wheat reserve
Meat and Poultry inspection reform
Rural housing extension
Major reorganization
--natural resources
Welfare Reform
Economic and Community Development Reorganization (interested)
Commodity Agreements*

HOUSE APPROPRIATIONS

Clinch River Breeder Reactor
DOD Authorization and Appropriation Supplemental Bill (FY 79)
DOD Authorization and Appropriation Supplemental Bill (FY 80)
Foreign Assistance
Middle East Assistance
Panama - Enabling Legislation
UN Assessed Contributions
UN Sanctions on Rhodesia
Turkish/Greek Military Arrangements
Philippine Base Agreement
IMF quota Increase
Refugee Legislation
Acquiring Property or Services from Friendly Foreign
Governments and International Organizations

HOUSE ARMED SERVICES

Nuclear Waste management*
SALT II
DOD Authorization and Appropriation Supplemental Bill (FY 79)
DOD Authorization and Appropriation Supplemental Bill (FY 80)
Middle East Assistance
Panama - Enabling Legislation
Major Arms Sales
Korea
Turkish/Greek Military Arrangements
Philippine Base Agreement
Commodity Agreements*
Renewal of Azores Base Agreement
Military Construction Authorization (FY 80)
Defense Officer Personnel Management Act
NATO Standardization, Interoperability and Readiness
Acquiring Property or Services from Friendly Foreign
Government and International Organizations

HOUSE BANKING

Energy Impact assistance
Solar*
Privacy
Major reorganization

HOUSE BANKING

National Development Bank
Condominium Act 1978
Housing programs modification and simplification
HUD legislative package
Consolidation of Banking agencies
Financial regulatory reform
Economic and Community Development Reorganization (interested)
Exchange Stabilization Fund authorization
CWPS Reauthorization
Trade
IMF Quota Increase
Commodity Agreements*

HOUSE BUDGET

IMF Quota Increase
Extension of the Export Administration Act

HOUSE EDUCATION AND LABOR

Department of Education
Higher Education Act of 1965 reauthorization/National
Defense Education Act of 1958 reauthorization
Urban volunteer program
Welfare Reform
Child Nutrition
Domestic Volunteer Service Amendments
ERISA amendments
Pension Commission
Federal Standards for State workers
Labor Law Reform
Davis-Bacon and Service Contract modifications

HOUSE GOVERNMENT OPERATIONS

Wage Board (blue collar) Pay Reform
Davis-Bacon and Service Contract modifications
Pension Commission
General Revenue Sharing
Consolidation of Banking Agencies
Regulatory Process
Major Reorganizations
 --national resources
 --administrative services reform

State Community Conservation and Development Act
Alaska Pipeline inspection
CSEMP
Energy non-profliferation
Privacy
Department of Education
Higher Education Act of 1965 reauthorization/National
Defense Education Act of 1958 reauthorization
Trade
Panama - Enabling Legislation

HOUSE ADMINISTRATION

FECA Amendments
Public Financing of Congressional Campaigns
Voter Registration
Regulatory Process

HOUSE INTELLIGENCE

Intelligence Authorization Bill (FY 80) Intelligence Committees
Unauthorized Disclosure
Korea
SALT II

HOUSE PUBLIC WORKS AND TRANSPORTATION

Major Reorganization
--Economic and Community Dev. Reorg. (interested)
Transportation deregulation
Cross-Florida Barge Canal
Water Policy
Water Project deauthorization
Labor Intensive Public Works
Energy Impact assistance
National Development Bank

HOUSE SCIENCE AND TECHNOLOGY

Clinch River Breeder Reactor
DOE Authorization
Solar
NEP II

HOUSE SMALL BUSINESS

Economic and Community Dev. Reorg. (interested)

HOUSE VETERANS AFFAIRS

Limit Reimbursement for travel in connection with VA
non-service connected outpatient medical care
Third Party reimbursement Counselling - Alcohol and
Drug Treatment Program
VA Voc Rehab
Modification of Veterans' Discharge Review Amendments
GI Bill Improvement Act
Authority to provide grants for construction and
renovation of state veterans homes
Exchange of medical information
VA Disability compensation cost-of-living increase

HOUSE WAYS AND MEANS

Oil Pricing
Solar*
NEP II*
Sugar
Welfare Reform
ERISA Amendments
Social Security cost reductions
Title XX of Social Security
Child Support Enforcement amendments
Child Welfare amendments
Refugee assistance
National Health Plan
Hospital Cost Containment
Medicare-Medicaid Cost-reducing proposals
Medicare-Medicaid reform
Physician reimbursement reforms
HMO amendments
Maternal and Child Health Amendments
PSRO
Real Wage Insurance
Incentives Capital Formation
Carry-over Basis
Taxation of Fringe Benefits
Independent Contractors
Trade
Jackson-Vanik
Commodity Agreements*

MULTIPLE INTEREST (unnamed)

Deep Seabed Mining
Water Policy

HOUSE INTERIOR

Nuclear licensing and citing
Energy Impact Assistance
Coal Slurry
nuclear waste management
Power Management in Pacific Northwest
1872 Mining Law
Alaska lands
Reclamation Act amendments
Heritage program
NEPA
RARE II
Wilderness proposals
Navajo/Hopi relocation
Indian Health Care Improvement Act
Natural Resources Reorganization
Deep Seabed Mining

HOUSE INTERNATIONAL RELATIONS

Custom Convention on Containers
Sugar
Wheat Reserve
Non-Proliferation (energy)
Export Administration Act of 1969
Foreign Assistance
Middle East Assistance
Panama -- Enabling Legislation*
UN Assessed Contributions
UN Sanctions on Rhodesia
PRC, Vietnam, and possibly Cuba Normalization
Major Arms Sales
Korea
Turkish/Greek Military Arrangements
Philippine Base Agreement
Commodity Agreements*
Renewal of Azores Base Agreement
IAEA Voluntary Offer

HOUSE INTERSTATE AND FOREIGN COMMERCE

Meat and Poultry Inspection reform
Transportation deregulation
Export Administration Act of 1969
National Health Plan
Hospital Cost Containment
Child Health Assessment Program
Saccharin Ban prohibition
Medicare-Medicaid Cost-reducing proposals
Medicare-Medicaid reform

HOUSE INTERSTATE AND FOREIGN COMMERCE -- CONTINUED

Health Professional Educational Assistance Act
Community Mental Health Systems Act
Health Planning Amendments
Drug Regulation Reform Act of 1978
HMO amendments
Emergency medical services program
Recombinant DNA regulation act
Maternal and Child Health Amendment
Indian Health Care Improvement Act
Surface Transportation Regulatory reform (rail)
Deep Seabed Mining
Trade*
Oil pricing
Nuclear licensing and siting
Coal Slurry
DOE authorization
Solar
NEP II
Alaska Pipeline inspection
CSEMP
Communications regulatory reform
Natural resources reorganization
Clean Air
Safe Drinking Water

HOUSE JUDICIARY

Surface Transportation Regulatory Reform
Ownership of Coal Resources by major oil companies
Refugee Assistance
Criminal Code Reform
Undocumented aliens
FBI Intelligence charter
FBI General charter
Justice Systems Improvement Act
Class Actions
Institutionalized Persons
Standing for indirect purchases
Diversity jurisdiction
Dispute Resolution Act
Arbitration
Handguns
Antitrust
Speedy Trial Act
Lobby Law
Regulatory Process
Refugee Legislation

HOUSE MERCHANT MARINE/FISHERIES

Major reorganization

Aquaculture

NEPA

Non-game wildlife

Environmental message

reauthorization of Public Works and Economic Development Act

Custom convention on containers

Maritime Policy

Deep Seabed Mining

Panama -- Enabling Legislation*

HOUSE POST OFFICE AND CIVIL SERVICE

Hatch Act

Veterans preference

Federal Employees' Compensation Reform

Wage Board (blue collar) Pay Reform


MEMORANDUM

THE WHITE HOUSE

WASHINGTON

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November 20, 1978

MEMORANDUM FOR: THE VICE PRESIDENT
FROM: ZBIGNIEW BRZEZINSKI 
SUBJECT: 1979 Agenda

Based on submissions from the departments and agencies -- and review by the NSC -- here is a composite list of foreign policy and national security priorities for 1979. These priorities are listed as either "Presidential" or "Secretarial." Congressional committees that will be involved with each agenda item are noted.

Presidential Involvement - Highest Priority

SALT II

Assuming an agreement will be reached, Congressional approval will be the dominant foreign policy issue in the next session. Winning will require a major Administration effort, directly with the Hill and indirectly with the public. We anticipate at least three months of Congressional consideration. An executive agreement requiring House action will probably take longer than a treaty. ✓

Committees: SFRC, Armed Services, Intelligence

DOD Authorization and Appropriation Supplemental Bill (FY 1979)

DOD recently submitted to OMB a supplemental appropriation request for FY 1979. It includes items that are needed before Congress acts on the FY 1980 budget and is oriented heavily toward our strategic posture, readiness, NATO, and shipbuilding programs. Some of the items require Congressional authorization as well as appropriation. As soon as the President sends the Supplemental budget request to Congress, DOD will submit the necessary authorization request to the Hill.

Committees: Armed Services, Appropriations

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DECLASSIFIED

E.O. 12356, Sec. 3.4

PER 4/13/93 HRE MR-ALC-92-79
BY Jo NARS, DATE 7/21/93

DOD Authorization and Appropriation Bills (FY 1980)

The authorization bill reflects all of the decisions reached in formulating the defense portion of the President's budget. It includes authorization for most of the Department's major programs and personnel, including hardware procurement (ships, missiles, aircraft, tanks); research, development, test, and evaluation; active, reserve, and National Guard force levels; and civilian personnel levels. Strong Presidential support in the annual Budget message for the funding sought in DOD's appropriation request is essential to enhancing strategic posture, improving capability in Europe, and maintaining conventional forces.

Committees: Armed Services, Appropriations

Trade

Completion of the MTN and the need to seek retroactive extension of the countervailing duty waiver authority will likely spark a major fight in the Congress over trade issues. We will have to mount a campaign in the Congress and with the American public to prevent protectionist forces from undoing any trade package negotiated in Geneva.

Committees: Finance and Ways and Means; possible referral to SFRC and HIRC; Banking and Government Affairs

Presidential Level - High PriorityForeign Assistance

With a tight budget, we can expect a tough battle on both bilateral and multilateral foreign assistance. The President's involvement will be necessary to prevent massive across-the-board cuts. This year, we are seeking new authorizations of \$3.5 billion for the multilateral development banks. Also on the agenda is the proposed reorganization of foreign aid resulting from the late Senator Humphrey's initiative. A proposed aid reorganization plan may be submitted to Congress in 1979. The plan calls for the establishment of a Foundation for International Technological Cooperation, which the President mentioned in his Caracas speech.

Committees: Foreign Relations, Appropriations

Comprehensive Test Ban

While unlikely to arise in the first half of 1979, it is possible we may have a comprehensive test ban treaty before the end of the year. It promises a major Senate fight which may be more difficult than SALT. Although foreign relations will have primary jurisdiction, opposition could crystallize in the Senate Armed Services Committee, with the focus on stockpile reliability, verification and the prospect of U.S. "scientific atrophy."

Committees: SFRC, Armed Services, Energy

Intelligence Charters

To be introduced during the first session of the 96th Congress. This is designated high priority in recognition of the Administration's commitment to cooperate with the Congress in the development of charters for the Intelligence Community.

Committees: Intelligence

Middle East Assistance

Any increases in aid to Egypt and Israel as part of the peace agreement will have to be carefully considered.

Committees: SFRC and HIRC, Armed Services, Appropriations

Genocide and Other Human Rights Conventions

The Foreign Relations Committee appears ready to report the Genocide Treaty without further hearings if the Administration can show we have the votes to win. At the end of the last session our head count looked good for cloture and passage, but midterm election results appear unhelpful.

The Committee could hold hearings on the three UN human rights conventions and the American Convention on Human Rights during the summer. We do not, however, anticipate Congressional action on these four treaties during 1979. Passage will be more difficult in an election year. However, it would be valuable for our general position on human rights and at the 1980 Review Meeting of the CSCE if we had ratified the four treaties.

Committees: SFRC

Secretarial Level

Panama - Enabling Legislation

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There is an October 1 deadline on this legislation. Congressman Murphy, Chairman of Merchant Marine and Fisheries, is a key actor. U.S. interests would clearly be hurt if the enabling legislation is stalled.

Committees: Possible Ad Hoc Committee in House (or Merchant Marine and Fisheries & HIRC); SFRC; Armed Services; Appropriations; Government Affairs

UN Assessed Contributions

Need to move early in the next session to deal with the effects of the Helms-Rousselot amendment to the FY 79 State Department appropriation, which requires that the UN and its agencies accept a prohibition against any expenditure of our assessed contribution for technical assistance, and cuts the amount requested by \$27 million. This issue also bears directly on passage of foreign aid and entire scope of relations with UN.

Committees: SFRC, HIRC, Appropriations

UN Sanctions on Rhodesia

Efforts are expected to have US unilaterally cease to comply with UN sanctions, either by asking the President to make a determination under the Case-Javits amendment or in the context of providing support for Ian Smith's internal settlement.

Committees: SFRC, HIRC, Appropriations

PRC, Vietnam, possibly Cuba Normalization

Steps may be considered to normalize relations with the PRC, Vietnam and, possibly, Cuba, as appropriate.

Committees: SFRC, HIRC

Major Arms Sales

There does not appear at this time to be a major controversy shaping up for 1979 equivalent to the AWACS or F-15's of last year. Some opposition could emerge on the sale of F-5E's to Taiwan, on A-10's for Korea, sales to Morocco (the Spanish Sahara issue) and on sales to Pakistan (human rights or nuclear concerns).

Committees: Foreign Relations and Armed Services

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Korea

There remain three issues regarding withdrawal which could cause serious debate: Whether Congress enforces its policy stated in the DOD Conference Report that no appropriation shall be used to support withdrawal and that funds used for this purpose should be considered as foreign assistance; implementation of cuts in the FY 79 FMS levels which could cause some to feel we are undermining the withdrawal rationale; and our submission of statement assessing the effect of withdrawal on such issues as force balances on the peninsula, nuclear proliferation and allied security. Any significant change reported could stimulate a reaction from members such as Glenn and Nunn who have reluctantly supported withdrawal.

Committees: Foreign Relations, Armed Services and perhaps Intelligence

Treaty of Tlatelolco

Protocol I of the treaty has yet to be ratified, despite the success the President has had in getting other nations to do so. By spring there may be only two countries in the world who have failed to complete the ratification process -- the U.S. and Cuba. An important non-proliferation goal.

Committees: SFRC

Turkish/Greek Military Arrangements

State will probably submit Turkish and Greek base agreements to Congress for approval. The degree of opposition will depend on the status of the Cyprus issue.

Committees: Foreign Relations, Armed Service and Appropriations

Philippine Base Agreement

Congressional opposition is likely to focus on the compensation issues and those who feel that a financial quid pro quo is rent-for-bases.

Committees: Foreign Relations, Armed Services, Appropriations

IMF Quota Increase

The U.S. will be expected to provide \$4.75 billion as its share of a 50 percent increase in the IMF quota. Although this

measure will not require an outlay from the Treasury, it will require an authorization and appropriation which may run into some opposition.

Committees: Banking, Appropriations and Budget

Commodity Agreements

Congressional action is needed on three commodity agreements to maintain our commitment in the North/South dialogue to a credible commodity policy.

Sugar: failure to agree on a domestic sugar price support program has delayed ratification of the International Sugar Agreement. Tin: legislation is needed to transfer tin from the GSA stockpile to the buffer stock operated by the International Tin Agreement. Coffee: implementing legislation is needed to meet our commitments under the International Agreement.

Committees: Subject to jurisdictional disputes; Foreign Relations; Agriculture; Armed Services; Banking; Finance and Ways and Means

Extension of the Export Administration Act

This Act, which provides the basic authority for control of U.S. exports for national security, foreign policy, and short supply purpose, expires on September 30, 1979. Congressional debate over extension will likely be contentious, pitting those who want to restrict the transfer of technology to the USSR against proponents of a more liberal export policy.

Committees: Banking

Jackson-Vanik

Any decision to seek modification of the Jackson-Vanik or Stevenson amendments should await disposition of SALT.

Committees: Finance and Ways and Means

Renewal of Azores Base Agreement

An executive agreement with Portugal on this matter may be concluded early this year. Given the lack of controversy on this issue, it is unlikely that the President would want to submit the agreement to Congress for approval.

Committees: Foreign Relations and Armed Services

Refugee Legislation

State and Justice are currently working on permanent legislation to replace the existing parole authority. The critical issue will be the degree of flexibility provided, both with respect to numbers and points of origin.

Committees: Judiciary and Appropriations

IAEA Voluntary Offer

Ratification of this treaty is a key element of our non-proliferation policy.

Committees: Energy, SFRC

Secretarial Level (DOD Only)

Military Construction Authorization, FY 1980

The military construction bill will be designed to enhance the military posture and readiness of the active, reserve, and National Guard forces. It will include a considerable number of NATO-support items.

Committees: Armed Services

Defense Officer Personnel Management Act (DOPMA)

This legislative proposal is designed to streamline and modernize laws governing the officer personnel force. It passes the House last year but stalled in the Senate Armed Services Committee.

Committees: Armed Services

NATO Standardization, Interoperability, and Readiness

This proposal, a carry-over item, will facilitate the acquisition from NATO host nations of necessary logistic support for U.S. forces stationed in, or deployed to, NATO countries. It authorizes intergovernmental agreements in order to simplify the support problem in both peacetime and during hostilities.

Committees: Armed Services

Acquiring Property or Services from Friendly Foreign Governments and International Organizations

This proposal, a carry-over item, is intended to facilitate "two-way street procurement." It authorizes the waiver of the application of certain U.S. laws with respect to purchases from, and contracts with friendly foreign governments and international organizations for defense supplies and services.

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Committees: Armed Services, Appropriations

Wage Board (blue collar) Pay Reform

As the largest Federal blue collar employer, DOD has supported strongly legislation drafted by the Civil Service Commission to reform the wage board pay system. With the successful conclusion of the civil service reform drive, the wage board reform package should be submitted by the new Office of Personnel Management on a high-priority basis. This is an important element in both reducing our personnel costs and controlling inflation.

Committees: Government Affairs, Post Office, Civil Service
Secretarial Level (Intelligence Only)

Intelligence Authorization Bill (FY 1980) Intelligence Committees

To establish the role of the DCI in the preparation of the National Foreign Intelligence Program and budget, as set forth in Executive Order 12036 and the relationship between the Executive and the Congress regarding intelligence resources.

Committees: Intelligence

Unauthorized Disclosure

Legislation to protect against the unauthorized disclosure of intelligence sources and methods, including information revealing the identities of certain intelligence personnel. May be a part of Charter legislation.

Committees: Intelligence

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POTENTIAL LEGISLATIVE AGENDA ITEMS

11/18/78

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*Long & others
promised*

AGRICULTURE

Sugar: USDA is presently drafting a legislative proposal based on a 15¢ per pound price support for refiners of beet and cane sugar. Sen. Long and others support a price support of 16.5¢ per pound. Ratification of the proposed International Sugar Agreement (ISA) could be difficult in light of depressed local prices. (Carry-over)

Committees: Agriculture Committees, Foreign Relations Committees, Senate Finance and House Ways and Means Committees.

Crop Insurance (Farm Production Protection Act): Will provide a comprehensive self-help insurance program, combining programs now administered by the Federal Crop Insurance Administration, Farmers' Home and SBA, to protect against losses or costs of production in the event of natural disasters or uncontrollable conditions which adversely affect production. This proposal would also provide a one-year extension of disaster payments. (Carry-over)

Committees: Agriculture Committees, Senate Select Committee on Small Business may have some jurisdiction.

International Emergency Wheat Reserve: Would authorize the President to establish and maintain a wheat reserve (6 million metric tons) to provide for specified emergency and developmental food needs abroad and to fulfill any reserve stock obligations of the U.S. under a Wheat Trade Convention of an International Wheat Agreement. Outlays for FY 79 are estimated to be about \$325 million for acquisition and storage costs. (Carry-over)

Committees: House and Senate Agriculture Committees, House and Senate Foreign Affairs, possibly Senate Finance Committees.

Modernization of Meat and Poultry Inspection Programs: The primary direction of this proposal would require processors to develop and implement quality control systems. Included in this overall program, but as separate proposals, are the automatic withdrawal of inspection services while administrative proceedings or appeals are underway, and stiffer civil penalties for violations. Moreover, the main proposal enables the Secretary to exercise added flexibility to inspection schedules, etc., as he feels are warranted by each individual plant.

Committees: House and Senate Agriculture Committees, House Interstate Commerce.

Extension of Rural Housing Authorities: These programs provide housing and housing loans for the elderly, the poor and those of moderate income in rural areas. Since 1970, they have made significant improvements in the housing stock of rural America. Moreover, these programs are envisioned by the Assistant Secretary for Rural Development as the keystone to development of a rural policy by the Administration.

Committees: House and Senate Agriculture, Senate Finance, House and Senate Banking, Housing and Urban Affairs Committees.

ECONOMIC DEVELOPMENT

National Development Bank: (Treasury, HUD, DOC) Authorization of National Development Bank that offers incentives for private sector businesses to locate in economically depressed areas. Authorization permits Bank to offer loan guarantees, interest subsidies, grants and a secondary market for private loans. Bank would be headed by a Board composed of the Secretaries of HUD, Commerce and Treasury. Authorization is expected to be somewhat controversial. Resistance to new spending program and concern about Bank's effect on existing programs will be major sources of controversy in Congress. This issue is strongly related to economic development reorganization. Most public interest groups will support strongly. (carry-over)

Committees: Public Works and Banking Committees.

State Community Conservation and Development Act: (HUD)

Authorization of program to encourage States to undertake fiscal and development actions that assist their distressed communities. Funding available for State strategies to assist distressed communities. Bill is somewhat controversial. Concern about new spending and efficacy of program will be key factors in Congress. Public interest groups, particularly Mayors and county officials, very unenthusiastic.

Committees: Banking Committees and Senate Government Affairs.

Labor-Intensive Public Works: (DOC) Bill authorizes \$1 billion of funding for labor-intensive public works projects -- most are expected to be deferred maintenance projects. The provisions in the legislation for hiring a substantial number of hard-core unemployed to work on projects are controversial. Congressional committees are more interested in traditional public works programs. (Carry-over)

Committees: Public Works Committees

Urban Volunteer Groups: (ACTION) Authorization of ACTION program to encourage the provision of voluntary services in cities. Some controversy expected due to skepticism about new spending program. Public interest groups support. Included in ACTION Authorization (see Human Resources) (Carry-over)

Committees: House Education and Labor Committees. Senate Human Resources.

Economic and Community Development Reorganization (HUD, Commerce, Agriculture, SBA, CSA) Proposals to consolidate the economic development grants, planning grants and

economic development loan programs. Several options exist including (1) creating a new Department of Community and Economic Development by transferring EDA, OMBE, and programs from Farmers Home Administration to HUD, and (2) strengthening economic development in Commerce by transferring UDAG from HUD to Commerce and consolidating business loans and loan guarantees into the Development Bank. Proposal expected to be extremely controversial.

Committees: Government Affairs (Banking, Public Works, Agriculture and Small Business Committees also interested)

Reauthorization of Public Works and Economic Development Act (EDA reauthorization): (DOC) Extension and modification of authorization for EDA programs. EDA's current authorities include public works grants, planning, economic adjustment grants, technical assistance, business loans and loan guarantee. Reauthorization of EDA strongly supported by Congress and public interest groups.

Committees: Public Works

ENERGY

Oil Pricing (Energy): The Administration's initiatives for raising the average price of domestic oil to the world level through a well-head tax failed in the 95th Congress. Further consideration must be given to the need for further action, either administrative, legislative or both, in view of the President's Bonn commitment to raise domestic prices to the world level by 1980. Increases in domestic oil prices will contribute to inflationary pressures.

Under the Energy Policy and Conservation Act of 1975, the President has some discretion now to increase oil prices (and thereby producer revenues). On May 31, 1979, oil price controls are no longer mandatory, and the President may either retain or eliminate (fully or partially) price controls. All oil price control authority expires on September 31, 1981.

A variety of options are available, some requiring legislation, others purely administrative. If the Administration were to propose decontrol together with some method of recouping excessive profits to industry, a tax mechanism, and possibly a Congressional decision on use of the funds collected, would be required. If the decision were to decontrol, either in full or gradually (or to maintain the status quo), no Congressional review would be required, although some Congressional objection, in the form of legislation amending EPCA, might be introduced. Whatever our resolution of the issue, some looking for new price incentives, and will doubtless press legislatively if the Administration does not initiate price increases. Those who favor price regulation will not look favorably on decontrol unless some legislative mechanism to recoup benefits of decontrol is provided. Any such tax or other mechanism will be controversial. Decision date: December 5, 1978. (carry-over)

Committees: Senate Finance, House Ways and Means; Senate Energy, House Commerce.

Nuclear Licensing and Siting Act (Energy): The Administration's proposed initiative to revise and streamline procedures for licensing and siting nuclear power plants was considered only in hearings. The bill died with the 95th Congress and would have to be resubmitted. Principal controversial issues are: state role in the siting and licensing (environmental determinations) process, intervenor funding, the types of hearings to be held in the licensing process, and the relationship to EPA's jurisdiction under the Clean Air Act.

No decisions yet made on whether to introduce the Administration's original bill, or whether to modify it in light of objections raised last year. (carry-over)

Committees: Senate Energy (and conceivably Government Operations), House Interior (perhaps with House Commerce).

✓ Clinch River Breeder Reactor (Energy): Administration efforts to reach a compromise with the Congress last year failed. Funds are still being expended on the CRBR (about \$15 million/month) although the Administration's position on termination remains firm. The issue remains controversial, although some signs of utility company interest in ending the debate are evident. Major budget issues, as well as strategic questions of how to approach the Congress will be engaged. No decision yet made on whether to seek authority to terminate as part of a larger Department of Energy Authorization Bill, as a separate legislative initiative, or using the rescission authorities of the Budget Act. (carry-over)

Committees: House Science and Technology, Senate Energy. Also Appropriations Committees.

Energy Impact Assistance (Energy, Commerce): The Administration's proposal to provide grant and loan guarantee assistance to communities affected by rapid development of energy resources failed last year. (Cost \$150 million/year). Failure due largely to lack of remaining time, and confused committee jurisdiction in the House. Some congressional sentiment that only loans and loan guarantees should be provided. (carry-over)

Committees: Senate Environment and Public Works, Senate Gov. Ops., House Interior, Public Works, and Banking.

Coal Slurry Pipelines (Energy): Although never a high priority, the Administration did support enabling legislation to grant rights of way and other permits for coal slurry pipelines. Bill defeated, due largely to opposition from the railroads and western agricultural interests (who would compete for water). Administration position, which would split jurisdiction over the program between DOE, DOT, and Interior, not accepted even by Committees reporting legislation. (carry-over)

Committees: House Interior, Commerce; Senate Energy.

DOE Authorization Bill: Failed to pass 95th Congress. Would provide general authority for FY'79 DOE appropriations, although all appropriations were enacted without any contingency on enactment of authorizing legislation. Some controversial riders, including expansion of definition of stripper wells were attached. This issue may be resolvable administratively. Legislation next year is not necessary for the purposes of DOE programs, although Congress may prefer to clean up the process and enact a bill anyway. Also could serve as a vehicle for resolution of the CRBR issue, although this could be handled separately as well. (carry-over)

Committees: Senate Energy, House Science and Technology, House Commerce (note: major jurisdictional squabbles between two House committees).

Solar Energy (Energy): DPR process almost complete. New initiatives could include changes in Federal procurement and mortgage policies to encourage solar, new tax incentives, rearranged, or increased, R, D, & D efforts, better public information, new international initiatives. Enormous congressional and general public interest in solar, and much may be done by the Congress with or without Administration initiative. Conflict likely over solar powered satellite, as well as funding levels for popular solar programs. Administration has been criticized for too little attention to solar.

Committees: Senate Energy, and perhaps Banking, Finance or others, House Science and Technology, Commerce, and perhaps Ways and Means, Banking or others.

Nuclear Waste Management (Energy): As a result of the Interagency Review Group on Nuclear Waste management, several initiatives may emerge dealing with licensing of interim and permanent waste facilities and authority for Away From Reactor (AFR) storage. Some conflict is possible over legislation, although major battles are likely to be centered around siting of storage facilities (with States and local governments) rather than Congress. Also some conflict is possible on U.S. acceptance of foreign spent fuel (which is useful in implementing non-proliferation policies).

Committees: Senate Environment and Public Works, House Interior, and conceivably Armed Services in both.

Non-Proliferation Actions (Energy, State): Some Legislative action may be required if NRC disapproves licenses for international nuclear fuel and reactor sales. In this case, the President may elect to override the NRC, which in turn is subject to Congressional approval. Most likely case deals with shipments of fuel reloadings to Tarapur Reactor in India, although others could arise.

Committees: House International Affairs, Senate Foreign Relations, maybe Government Operations in both.
NEP II (Energy): Under the DOE Reorganization Act, the Department must submit a revised national energy plan yearly. While not required to be more than a status report, DOE has been working on a variety of supply-related initiatives, including coal gasification and liquefaction, oil shale, refinery policy, west coast crude oil disposition, and LNG policy for possible inclusion in a new set of energy initiatives. The statutory date for submission of the NEP II is April 1, although this date does not necessarily control the timing of any legislative recommendations which the Administration may want to make in this area.

Committees: House Science and Technology, House Commerce, Senate Energy, and perhaps the Senate Finance and House Ways and Means Committees depending on what, if any, initiatives are selected.

Alaska Pipeline Inspector Reorganization Plan (Energy, OMB): This reorganization plan would establish a Federal Inspector for the Natural Gas Pipeline, and transfer to that office enforcement authority from DOE, Interior, Transportation, EPA, and the Corps of Engineers. The Federal Inspector would be supervised by an Executive

Policy Board comprised of key agencies. Permitting and actual enforcement would still be done by the individual agencies, but decision-making with respect to enforcement would rest with the Inspector. The Plan is not likely to pose major controversy.

Committees: Senate Energy, House Commerce, and the Government Operations Committees in both Houses.

Comprehensive State Energy Management Planning (CSEMP): Last year the Administration proposed a consolidation of a variety of State energy planning grants into one package with slightly increased funding to cover new requirements for energy facility siting and environmental reviews associated with the Nuclear Licensing bill. The bill did not get far, and for all intents and purposes it can be treated as a new initiative. It is not likely to be very controversial although Congress has certain built in reluctance to consolidate categorical grant programs.

Committees: Senate Energy, House Commerce, and possibly Government Operations in both Houses.

LIKELY CONGRESSIONAL INITIATIVES

Power Management in the Pacific Northwest (Energy): Bonneville Power Administration owns most of the hydro power developed in the Pacific Northwest, and distributes this relatively cheap electricity to certain preference customers (the Municipals) as well as to "direct service customers" who receive the cheap power in return for accepting service which can be interrupted when demand is high. Most of the hydro power in the region has now been developed, and nuclear, which is a good deal more expensive, will be providing most new increments of power. Senator Jackson, along with others from the BPA region, will be sponsoring legislation which rearranges the power preferences now in effect and which creates new authority for the BPA to contract for and manage new power generating facilities. Various bills to deal with this issue were introduced last Congress and engendered a fair amount of controversy in the region as well as with environmental groups. Jackson is working on new legislation which he hopes will resolve some of the issues confronted last year, but the issue still will be controversial.

Committees: Senate Energy, House Interior.

Ownership of Coal Resources by Major Oil Companies (Energy, Justice): Senator Kennedy will doubtlessly pursue his interest in preventing further horizontal expansion by major oil companies into other energy sources, particularly coal and uranium. Various types of moratorium legislation was considered last year, and the Administration took no position although the Justice Department did issue a Coal Report in which it found that no anticompetitive effects were currently being experienced (with the possible exception of the South West Region), but that if market shares of any one coal-owning company increased above a certain level, the transaction should be prohibited. The Administration has been criticized for not taking a position on this issue, particularly in light of campaign and earlier statements made by the President, Vice President, and Assistant Attorney General for Antitrust, etc. Secretary Schlesinger, however, firmly opposes any restriction on oil company investment in coal.

The Administration will have to respond to Kennedy on this issue, and possibly also on divestiture of oil pipelines.

Committees: Senate and House Judiciary.

GENERAL GOVERNMENT

ERISA Amendments: Even if the Javits/Williams bill goes nowhere next year, there is a very strong possibility that Labor will introduce, and strongly push, legislation to amend ERISA if the Supreme Court upholds the Daniels decision. The Court will decide whether a non-contributory, involuntary pension fund, such as the one Teamster Daniels had, is a security. (SEC, Labor, and Treasury were on opposite sides of the case).

Committees: Human Resources, and House Education and Labor, Senate Finance, House Ways and Means

Pension Commission (OMB): Announcement of the Commission's membership should be before the end of the year. Legislation authorizing funds for it is planned for early next year and there should be little controversy. Committee assignments are confused: it could be considered by from one to four committees on each side.

Possible Committees: Finance, Human Resources, Education and Labor, possibly Government Operations on both sides.

General Revenue Sharing (Treasury): The current authorization for the General Revenue Sharing (GRS) program expires on September 30, 1980. The Budget Act requires that any Administration proposal to extend or modify the program be submitted prior to May 15, 1979, although the Administration need not be specific in its recommendations at that time. It is unlikely that the Administration will recommend any changes in the authorization legislation affecting fiscal 1980, except that the EPG is reviewing the option of conditioning the receipt of 1980 GRS assistance upon compliance by state and local governments and their contractors with the Administration's wage-price guidelines. In the coming months an interagency task force will review all options with respect to the future of the program after September 30, 1980.

Committees: House Governmental Affairs, Senate Finance.

Financial Regulatory Reform

Consolidation of Banking Agencies: The present commercial bank federal regulatory structure consists of three federal agencies: the Comptroller of the Currency, the Federal Reserve and the Federal Deposit Insurance Corporation. A major characteristic of the present system is that a bank is free to choose which federal agency it will be regulated by. Senator Proxmire has introduced legislation to consolidate the banking supervisory powers of the Comptroller, the FDIC and the Fed into a single Bank Commission. Under this proposal, the Comptroller's Office would be abolished, the FDIC would be retained under the Commission for the sole purpose of managing the insurance fund, and the Fed would lose its supervisory powers and confine its activity to the implementation of monetary policy. The President and Treasury have indicated to Proxmire that the Administration will "seriously" consider supporting consolidation next session. (Banking and Government Operations Committees)

Committees: Senate and House Banking, Senate Government Affairs, House Government Operations.

McFadden Act: (Treasury) Under the recently enacted International Banking Act, the President is required to submit recommendations regarding the future of the McFadden Act and other geographic restrictions on banking activity. The 1927 McFadden Act and related geographic restraints prohibit most interstate banking activities and impose limits on the expansion of intrastate banking. DPS and Treasury have agreed to subject this study to the PRM process.

The President's recommendations must be submitted by September, 1979. Many neutral observers believe that some relaxation of the existing restrictions would increase competition, reduce the costs and increase the availability of financial services in the less competitive markets. In addition, a more competitive framework would assist many banks in meeting their future capital needs and in competing with foreign banks, which are rapidly increasing their market share.

There is support for some degree of deregulation in this area in both Banking Committees. Generally, geographic expansion is favored by the larger banks and vigorously opposed by the smaller banks which would feel threatened by increased competition. A total repeal of geographic boundaries on banking would be politically unrealistic. However, a proposal that restricted expansion to certain areas, and thus protected smaller banks from the threat of increased competition, might achieve broader support from the banking industry. Because the study will not be completed until mid-1979, we will not be in a position to outline the direction of the Administration's recommendations in the State of the Union Message.

Bank Underwriting of Revenue Bonds: Commercial banks and securities firms both underwrite general obligation bonds, but banks are prohibited from competing in underwriting revenue bonds under the 1933 Glass-Steagall Act. Banks have sought the removal of this restriction and are supported by the mayors, governors, and counties, all of which believe that increased competition will reduce their borrowing costs. Legislation permitting banks to compete has passed the Senate twice, but Congressman St Germain has previously succeeded in avoiding a vote in the House. St Germain is committed to permitting repeal of the prohibition to be voted upon early next session, and the measure would have strong prospects for success even without Administration support. Active Administration support may be warranted on the grounds that the increased competition is anti-inflationary, the measure is strongly supported by the public interest groups, and our support might galvanize an active Banking Committee lobbying effort by the banks on behalf of the National Development Bank.

If activated, the commercial banks exercise substantial influence within the Banking Committees. On the other hand, active Administration support on the revenue bond issue would antagonize the investment banking community.

Federal Reserve Membership

Over the past decade, commercial bank membership in the Federal Reserve system has eroded steadily because banks perceive that the cost of Fed membership (i.e., the cost of maintaining large interest free reserves at the Fed) exceeds the benefits (i.e., free services provided by the Fed). The Administration has taken the position that the erosion in membership undermines the Fed's ability to implement monetary policy. The Fed's highest legislative priority in 1979 is stemming the membership attrition problem, and both Banking Committees will hold hearings early in the session. This year the Administration and the Fed supported Reuss' legislation to resolve the problem by requiring all large banks to hold reserves at the Fed, and permitting the Fed to pay interest on such reserves. The bill was subsequently withdrawn in the face of banking industry opposition, and discussions are underway to identify a politically palatable approach. It is impossible to predict either the outcome or the voting coalitions, since each different permutation of the legislation has a different impact on a given class of banks. The greatest probability is that the legislation submitted next session will leave the smaller banks indifferent, and the larger banks split. (Carry-over)

GOVERNMENT REFORM

Lobby Law Reform (Justice): Registration and disclosure of lobbying activities so the public can better understand and analyze the lobby process. Among the major controversial issues are whether grass roots lobbying solicitation such as mass mailing campaigns should be covered, to what extent smaller lobbying organizations should be covered, and whether financial contributions to lobbying organizations should be disclosed. Last Congress the bill passed the House but was not reported out of the Senate Governmental Affairs Committee. Major interest group proponents are Common Cause and the AFL-CIO. A wide range of opposition to a broad bill includes the Chamber of Commerce, the Business Roundtable, and other business groups, environmental groups, the ACLU, and other public interest groups. A bill with much more limited coverage of grass roots solicitation and a higher direct lobbying threshold would have a good chance of passage this Congress, and would plug major loopholes in the 1946 lobby registration act.
Committees: Senate Governmental Affairs, House Judiciary.

Election Reform (Justice):

FECA Amendments: Cleanup bill to improve the Federal Election Campaign Act by simplifying reporting requirements, providing funds for candidates' accounting expenses, allowing state and local parties to spend a certain amount of funds on behalf of Presidential candidates without it being a campaign contribution, etc. Last Congress this measure overwhelmingly passed the Senate, but did not pass the House after amendments were added which would have substantially reduced the contribution limit by political parties, a move which was strenuously opposed by Republicans and some Democrats. A cleanup bill similar to the one which passed the Senate stands a good chance of passage. Interest group proponents include Common Cause, labor, the League of Women Voters, Congress Watch. The business community, although it did not object particularly to the original proposals, vehemently objected to any limitation on the contribution level (NAM, the Chamber, Business Roundtable).

Committees: Senate Rules, House Administration.

✓ Public Financing of Congressional Campaigns: Using public funds (to be financed by a tax checkoff system) to finance qualifying Congressional candidates through direct funding grants or matching funds with private contributions. This bill passed neither the House nor the Senate last Congress. In the Senate the bill was defeated by a filibuster involving both Republicans and Southern Democrats (high water mark - 52 votes for cloture). The constituency analysis here is the same as for the FECA. Prospects for passage appear very bleak.

Committees: Senate Rules, House Administration.

Voter Registration: Our bill last Congress would have allowed voter registration to take place at the polling booth with certain minimal voter identification requirements. Although the bill was voted on favorably by both the Senate and House committees it never went anywhere. The bill would appear to have no potential next Congress. A modified postcard registration proposal might have a better chance of success, but even here the outlook is bad.

Committees: Senate Rules, House Administration.

Hatch Act Reform (OPM): To allow Federal employees to participate in off-the-job political activity, and strengthen penalties for on-the-job political activity or abuse. Last Congress this legislation passed the House, but no sponsor could be found on the Senate Governmental Affairs Committee. The Federal employee unions very strongly support Hatch Act reform, with the American Federation of Government Employees and the postal unions being most vocal. Opposition includes Common Cause and a variety of conservative groups, who charge that, in conjunction with our Civil Service Reforms, the bill would politicize the Civil Service. Next Congress a Hatch Act Reform Bill would probably pass the House, with Clay and Ford again playing leadership roles. In the Senate, there would be intense opposition, and a filibuster would probably be successful.

House

Committees: / Post Office and Civil Service, Senate Governmental Affairs.

Veterans' Preference Changes (OPM): To modify veterans preference in the civil service by reducing the preference to one-time use during only a fifteen-year period following military discharge, limiting reductions-in-force preference to eight years, etc. Last Congress the House Post Office and Civil Service Committee voted our proposals out, but most of them were defeated on the House floor. The Senate Governmental Affairs Committee failed to report out (by a close vote) our proposals, and only a modified provision dealing with retired veterans was adopted on the Senate

floor and eventually enacted into law. Key groups supporting veterans preference reform include womens groups and minority groups, although there was never any major organized effort as with the ERA. All major veterans organizations strongly opposed these changes. Passage of this legislation next year would be extremely difficult, with far less than a 50-50 chance of success.

Committees: House Post Office and Civil Service, Senate Governmental Affairs; Potentially Veterans Affairs in both Houses.

Sunset (DPS/OMB): Would provide sunset reviews for programs accounting for about 50% of the budget over a 10-year cycle. This bill passed the Senate but received little attention in the House. Muskie will continue to push the bill in the next Congress and will seek inclusion of tax expenditures and additional spending programs -- additions the Administration supports. Changes in committee assignments make the bill's prospects uncertain at this time.

Committees: Senate Governmental Affairs; House Government Operations.

Changes in the Federal Employee Compensation Reform (OPM): comparability pay structure, blue collar pay, group life insurance and health benefits, and a variety of other pay reforms. On the Senate side the Senate Governmental Affairs Committee would have jurisdiction, would be receptive to these reforms, and Eagleton would probably play a leading role. On the House side the House Post Office and Civil Service Committee would have jurisdiction, and major problems would be encountered. Republicans on the Committee, headed by Derwinski, would be supporters. Key Democrats such as Clay, Ford, Spellman and Harris would resist changes that they perceive as decreasing Federal employee compensation. Should the House Post Office Committee be consolidated into Governmental Affairs, prospects would improve. If the legislation made it to the House floor, it would be strongly supported by the membership. There would be substantial public support for a reform package that is perceived as more equitable and saving tax dollars. Business groups as well as a number of academics are likely to support it. Depending on the nature of the reforms, the AFL-CIO, AFGE, and independent public employee unions would strongly oppose parts of the proposals. There may be some room for tradeoffs here in shaping the package.

Committees: Senate Governmental Affairs, House Post Office and Civil Service.

Administrative Services (OMB): Reforming the process of procuring and delivering such services as office space, equipment and data processing. OMB has been studying possible GSA reorganization options, but no final recommendation has been made by OMB. Current prospect is to establish Blue Ribbon Commission to recommend legislative and other structural reforms, within six months. Legislation might be introduced in late 1979. Congressman Brooks is likely to oppose any significant weakening of GSA. Senator Chiles whose Subcommittee oversees GSA would be a key player on the Senate side. Support for any effort to cut waste and improve efficiency would have strong public support. Possible interest group support includes the business community, Common Cause, management organizations, etc.

Committees: House Government Operations, Senate Governmental Affairs.

Communications Regulatory Reform (Commerce): The House Commerce Subcommittee on Communications has launched an effort to rewrite the Communications Act and the Senate Subcommittee's Chairman has pledged to seek legislation in this area. The Administration intends to cooperate with this effort and may initiate some proposals. No major Presidential initiatives are presently contemplated, although we may want to get more visibly identified with this effort in 1979.

Committees: House and Senate Commerce.

Privacy (DPS/DOC): The privacy PRM and related efforts has developed a 1979 legislative package that includes:

- o restrictions on disclosure and use of bank, consumer credit, telecommunications toll and medical records;
- o restrictions on use of information obtained by the Federal government for research and statistical purposes.
- o a response to the Stanford Daily decision

Committees: House and Senate Banking, Senate Governmental Affairs and House Government Operations; House and Senate Judiciary.

Regulatory Process (DPS/OMB): A package is being developed to include:

- o Sunset;
- o Changes in procedures to reduce delay, facilitate public participation, and improve consideration of costs and alternatives;

- o reorganization of the Administrative Conference of the U.S.;
- o reforms in the selection and management of administrative law judges;
- o a requirement that regulators give a preference to competition;
- o a requirement that regulators identify and reduce compliance costs;
- o funding for public interest interveners in regulatory and court proceedings.

Options are also being considered to legislate a process for oversight of regulatory decisions (a constitutional and responsible alternative to legislative veto).

Committees: House and Senate Judiciary primarily, also House Government Operations, Senate Governmental Affairs, Senate Rules.

Major Reorganization Proposals (OMB): The PRP has developed four major reorganization proposals, which could be combined into a "big picture" effort to restructure the skyline of the Executive Branch to a significant degree. The elements are:

1. Merge NOAA and the Forest Service into Interior to form a new Department of Resource Conservation.
2. Merge EDA, OMBE and elements of Farmers' Home into HUD to form a new Department of Community Development.
3. Merge the Bureau of Foods (from HEW/FDA) into USDA to form a new Department of Food and Agriculture.
4. With what is left of Commerce, either:
 - a. Leave standing, either as the Department of Commerce or as a new sub-cabinet agency.
 - b. Transfer to other agencies and eliminate Commerce.
 - c. Enhance, with various related additions, mainly from Treasury, as a new Department of Trade, Technology, and Investment.

Another option would involve merging the UDAG program (HUD) and elements of the Farmers Home Administration (Agriculture) into Commerce to form a Department of Commerce and Economic Development.

If successful, major reorganization would be an important political and substantive achievement. On the other hand, reorganization on this scale is likely to be highly controversial with key constituencies (depending on the options selected) including urban and rural constituencies, State and local government and both timber interests and conservationists.

Most important, if the most ambitious reorganization options were selected, they could be expected to meet substantial Congressional opposition and to consume much of the time of key committees (Senate Governmental Affairs, Public Works, Banking, Commerce and Agriculture, and House Government Operations, Public Works, Banking, Commerce and Agriculture) for the first several months of the session.

Jurisdiction: House Government Operations, Senate Governmental Affairs.

Interest: House and Senate Commerce, House Interior and Senate Energy) House and Senate Public Works, House and Senate Banking, House Merchant Marine and Fisheries, House and Senate Agriculture.

- II. Small Reorganization Projects (all will be considered by Senate Government Affairs, House Government Relations and possibly other interested committees.)

In addition to the "big picture" reorganization projects, the PRP has listed the following "small" projects, which may be developed and presented to the President for consideration during 1979. At present, all of these projects are still in staffing in the PRP and Harrison Wellford has not approved them. The projects are:

1. Office of Federal Inspector, Alaska Natural Gas Transportation System. (OMB, DOL)

Transfer enforcement (not permitting) authority re Alaska natural gas pipeline to the Office of Federal Inspector created by the Alaska Natural Gas Transportation Act, from DOE, Interior, DOT, Corps of Engineers, and EPA. Would streamline enforcement of various applicable statutory requirements. Supported by all agencies, and relevant interest groups and congressional leaders, according to OMB staff. DOE is prime sponsor.

2. Selective Service Reorganization. (OMB, DOD)

Transfer SSS, now an independent agency, into DOD, probably with requirement that it become an independent agency during wartime. Would improve capacity of DOD to plan for mobilization, especially for contingency of need for immediate mobilization without advance warning. Relatively minor substantive changes in Military Selective Service Act also under consideration to accompany reorganization plan. Politics unknown to OMB.

3. Foreign Assistance Reorganization. (OMB, NSC)

Transfer various foreign assistance programs, now in AID, State, Treasury, USDA, OPIC, and Peace Corps, to a new agency. international Development and Food Assistance Act of 1978 requires the President to report to the Congress on February 1, 1979, on steps taken to strengthen coordination of economic assistance programs. Study of possible reorganization in response to this measure. Henry Owen in charge of project.

4. Railroad Retirement Board. (OMB)

Three options under consideration -- to transfer Board to SSA; to transfer Social Security Benefits to SSA and remaining functions to off-budget quasi-public corporation; or to transfer Social Security benefits to SSA and remaining functions into private sector, to be regulated under ERISA. Third option would reduce Federal budget by \$2.4 billion and cut large number of personnel. Politics unknown. Legislation required.

5. Human Services programs. (OMB)

Rearrange various relatively small categorical programs targeted on migrants and the poor, including domestic parts of Action, to CSA, and elderly and youth to HEW.

6. Border Management. (OMB)

Transfer border patrol and port-of-entry inspection functions of INS to a new Border Management Agency centered on Customs Service in Treasury, and transfer visa authority from State to Justice. Would streamline border patrol functions. Opposition from Hispanic community contributed to decision not to propose the plan in 1978.

Surface Transport Deregulation (DOT): Trucking and rail deregulation. Rail deregulation has substantial support in the rail industry, will generate less opposition and is likely to be considered first. Truckers will be far more difficult, with both industry and labor opposition likely. The major issue in trucking deregulation will be whether to propose a comprehensive deregulation measure, or whether to submit a series of smaller steps, beginning with reform or abolition of collective ratemaking.

Committees: Senate Commerce, House Interstate and Foreign Commerce (rail) and Public Works and Transportation (trucking).

No Fault Auto Insurance (DOT): Would set minimum Federal standards for state-run no fault auto accident reparation systems. (Carry over)

Committees: House and Senate Commerce

Standing Reform: Would broaden citizens standing to sue the Federal government.

Committees: Judiciary

Education

Department of Education: The Administration is committed to resubmission of this legislation. Key issues concern (1) whether to include programs deleted in the House or Senate last year (child nutrition, BIA schools, Headstart), and (2) whether to include provisions added in the House or Senate last year (civil rights safeguards, vocational rehabilitation).

Committees: Senate Governmental Affairs, House Government Operations. Interested: Senate Human Resources, House Education and Labor.

Higher Education Act of 1965 reauthorization/National Defense Education Act of 1958: (HEW) This is the omnibus higher education authorization; the major issues needing attention are (a) fraud and abuse in the loan programs, (b) strengthening the National Direct Student Loan Program, (c) planning for declining enrollments in the 1980's, (d) urban universities. Although the bill expires in 1980, HEW plans to submit legislation in the first session. (carryover)

Committees: Senate Human Resources, House Education and Labor.

National Health Plan (HEW)

HEW plans to submit its outline of a tentative plan embodying the President's ten principles (with provisions for phasing) in December. Any detailed proposal is likely to produce considerable controversy, and to be attacked both as inadequate and as a costly intrusion upon the free practice of medicine.

Decisions will be required as to whether to submit targeted legislation including CHAP, hospital cost containment, Medicaid reform, and universal catastrophic insurance or whether to submit phased legislation for comprehensive coverage. A comprehensive approach is unlikely to be enacted; with a major effort targeted legislation based on catastrophic coverage has much better prospects.

Committees (at a minimum): Senate - Finance, Human Resources; House - Ways and Means, Commerce.

✓ Hospital Cost Containment (HEW)

The President has indicated his intention of reintroducing some version of this legislation in the next session of Congress. At issue is the precise form of the legislation, especially its relationship to the general wage and price guidelines recently announced by the President. Major opposition to this legislation in the last session of Congress came from the medical/hospital lobby. The Senate passed a version of standby controls just prior to adjournment. The House did not take action.

It might be appropriate to link hospital cost containment with NHI, especially if the latter contains catastrophic coverage. Submission of cost containment as a separate piece would delay consideration of NHI and might reduce its chance of passage.

Committees: Senate - Finance, Human Resources; House - Ways and Means, Commerce.

✓ Child Health Assessment Program (CHAP) (HEW)

This legislation would extend coverage of Medicaid to 1.7 million low income children and 100,000 pregnant women and make more comprehensive the services provided to them, placing particular emphasis on ambulatory services. Major controversy in the past has been over eligibility and scope of benefits.

A case might be made for linking this legislation to NHI in order to capture the support of CHAP proponents for NHI. On the other hand, such a linkage might delay further the passage of CHAP.

Committees: Senate - Finance; House - Commerce.

Saccharin Ban Prohibition (HEW)

The Saccharin ban prohibition postponed banning saccharin until after a report by the National Academy of Sciences, in May 1979. An initial Academy finding recently reported is that saccharin is indeed a carcinogen. The Administration is required to submit its recommendations both on saccharin and on possible modification of food safety laws. These recommendations will be controversial.

Committees: Senate - Human Resources; House - Commerce.

Medicare-Medicaid Cost-reducing Proposals (HEW)

In addition to a hospital cost containment program, HEW has proposed a series of amendments to reduce the cost of Medicare/Medicaid, including reduction in reimbursement for depreciation expenses, alteration in the calculation for reimbursement for hospital malpractice premiums, and reduction in Medicare coverage of working aged. The most controversial are proposals to alter the reimbursement of hospital-based radiologists, anesthesiologists, and pathologists and to eliminate chiropractic benefits. These two will generate strong opposition from the provider groups affected. In addition are a series of fraud and abuse amendments.

Committees: Senate - Finance; House - Ways and Means, Commerce.

Medicare-Medicaid Reform (HEW)

In addition to a CHAP initiative, HEW is recommending a series of benefit and eligibility improvements. The major changes would be to establish a minimum income standard for Medicaid eligibility at 55% of the poverty threshold and require Medicaid fees to ambulatory physician services to be at least 70% of Medicare rates. These and other desired changes could be combined and made part of a Phase I of a National Health Plan.

Committees: Senate - Finance; House - Ways and Means, Commerce.

Physician Reimbursement Reforms (HEW)

HEW has proposed a series of reimbursement reforms for Medicare based around Statewide or regional fee schedules negotiated with physicians. The result will be rates of reimbursement lower than the current customary, prevailing and reasonable charge method and, therefore, will be opposed by the medical profession. One reform would require participating physicians to agree to accept assignment on all Medicare claims. The result of these reforms for Medicare alone could be to decrease the number of participating physicians and, therefore, provide an access problem for Medicare beneficiaries. This series of reforms would be very controversial and perhaps should be considered in the context of a Phase I NHI proposal.

Committees: Senate - Finance; House - Ways and Means.

Health Professions Educational Assistance Act (HEW)

While this legislation does not expire until 1980, HEW would like to bring it up sooner in order to enact certain reforms in manpower policy. A number of items covered in this legislation were part of the Nurse Training Act, which the President vetoed. There will be pressure on Congress to enact similar legislation in 1979.

Of the items in the HEW package, those most likely to attract attention are termination of capitation and expansion of the National Health Service Corps and Scholarship Program. There will be some pressure from medical schools for a gradual phase-out rather than abrupt termination of capitation (as HEW has proposed). HEW's current proposal for Corps-expansion is perhaps more ambitious and expensive than the Administration would care to support, though it is sure to attract considerable support on the Hill.

Committees: Senate - Human Resources; House - Commerce.

Community Mental Health Systems Act (HEW)

HEW is preparing a Community Health Systems Act to implement the recommendations of the President's Commission. The Act will create a stronger partnership between the federal government and the states in the provision of mental health services and make federal funding of community projects more flexible. There may also be companion legislation setting forth patient rights and establishing an advocacy system. The establishment of an advocacy system would be particularly controversial.

Committees: Senate - Human Resources; House - Commerce.

Health Planning Amendments (HEW)

Provides continuing authorization for HSA's and other aspects of health planning apparatus. Major opposition in the last session of Congress came from the AMA and centered on extension of certificate of need requirement to cover physicians' offices. (Carry-over.)

Committees: Senate - Human Resources; House - Commerce.

Drug Regulation Reform Act of 1978 (HEW)

This constitutes a rewrite of the Drug Act generally to reduce the lag time for introduction of new drugs on the market and to provide increased protection for consumers. The bill was criticized by the pharmaceutical industry and medical providers who felt that the Administration's regulatory approach was too intrusive. The relevant Senate and House subcommittees were unable to develop legislation this year. (Carry-over.)

Committees: Senate - Human Resources; House - Commerce.

HMO Amendments (HEW)

Legislation passed during this last session of Congress extended the authorization for the HMO grant and loan program. Not acted upon was an Administration proposal to bring the method of paying qualified HMO's under Medicare and Medicaid into conformance with the customary method of HMO payment (i.e., capitation). There is Congressional concern that HMO's might "skim" the healthiest patients. (Carry-over.)

Committees: Senate - Finance; House - Ways and Means, Commerce.

Emergency Medical Services Program (HEW)

Grants to state and local governments and nonprofit organizations to pay for training, ambulances, emergency rooms, etc. HEW has requested continuing authorization but with a three-year plan for phase-out of the program.

Committees: Senate - Human Resources; House - Commerce.

Recombinant DNA Regulation Act (HEW)

This Act was initially introduced to provide Federal guidelines for research in recombinant DNA. With recent information demonstrating that such research was proceeding without untoward effects, the pressure to introduce such legislation has declined. The Senate Human Resources Committees passed a strong regulatory bill, but may not pursue it in the next session. (Carry-over.)

Committees: Senate - Human Resources; House - Commerce.

Maternal and Child Health Amendments (HEW)

Amends Title V to add a section authorizing direct project grant authority which is not tied to the formula to demonstrate methodologies to identify and treat medically underserved children, pregnant women, and mothers. In an austerity atmosphere, a request for a new demonstration program will likely generate significant opposition in Congress.

Committees: Senate - Finance; House - Commerce, Ways and Means.

Indian Health Care Improvement Act (HEW)

This Act establishes a comprehensive approach to Indian health problems with an emphasis on encouraging participation of Indians in the programs. Titles include Manpower, Service, Facilities, Access, Service for Urban Indians, and a feasibility study for an Indians' School of Medicine. The most controversial is the School of Medicine -- HEW has just sent Congress a report recommending establishment of a medical school for American Indians. Authorization levels, particularly in the area of facility construction and renovation, are likely to be controversial.

Committees: Senate - Interior, Human Resources; House - Interior, Commerce.

PSRO (HEW)

HEW is submitting a number of minor modifications to the PSRO program (e.g., expansion to include licensed health professionals other than physicians) as part of its Medicaid/Medicare reform package. None of these should attract Presidential attention.

Committees: Senate - Finance; House - Ways and Means.

LABOR AND EMPLOYMENT

Federal Standards for State Workers (DOL): The Labor Department intends to propose legislation to require State Workers Compensation plans to meet minimum standards similar to those proposed by a recent Commission studying the issues. Two-thirds or more of the States would have to improve their program to meet the proposed standards. To do this would require very substantial tax increases levied on employers. This bill is responding to interest from the Senate Committee on Human Resources - Senator Williams particularly - and is strongly supported by Labor. This is likely to be very controversial, especially since it is inflationary.

Committees: Senate Human Resources, House Education and Labor

Labor Law Reform (DOL): The election has significantly diminished prospects for this bill. The House situation is much less certain than last year's vote would indicate. And the Senate cloture situation is 4-5 votes worse than last year. Only a very watered-down bill can pass, if any.
(Carry-over)

Committees: Senate Human Resources and House Education and Labor

Davis-Bacon and Service Contract Modification (DOL): OMB and/or CWPS may propose amendments to the Davis-Bacon and Service Contracts Acts. These laws effectively set "prevailing" wages that must be paid on projects funded by the federal government. Our amendments would be aimed at relaxing the rules, and lowering wage rates. Any changes in these acts to make them less inflationary are likely to be extremely controversial. Organized labor would view legislative changes as grounds for openly breaking with the Administration.

Committees: House Education and Labor and Senate Human Resources, with joint referral to Government Operations

Improvements to the Wagner-Peyser Act (DOL): The Department of Labor proposes to amend the Wagner-Peyser Act and amend title III of the Social Security Act as it pertains to the

Employment Service. The enactment of major employment and training legislation since the passage of Wagner-Peyser in 1933 dictates that the Act be updated to clarify the intended role of the Employment Service and to relate its distinctive mission and functions to that of other delivery systems, particularly the CETA system (including the jobs component of welfare reform).

The Congress intends to hold hearings on Wagner-Peyser revisions and the CETA Amendments of 1978 requires the Department of Labor to submit a report by February 1, 1979, containing recommendations and suggested legislation with respect to any necessary improvements in the Wagner-Peyser Act.

The Department has not decided whether the changes required to link the systems can be achieved with a limited number of amendments or whether a more comprehensive rewrite is needed. Since the proposals have not been finalized the degree of controversy cannot be predicted. No cost estimates are available.

Committees: House Education and Labor Committees and the Senate Human Resources Committee have principal jurisdiction.

Veterans

Limit reimbursement for travel in connection with VA non-service connected outpatient medical care (VA) -

This is a carry-over from last year; it probably won't pass this time either. Major veterans groups oppose it and the Veterans Affairs Committees feel they have reduced abuses in travel reimbursement through other measures. Estimated annual savings: \$28.4 million.

Committees: House and Senate Veterans Affairs

Third Party Reimbursement for Veterans Medical Care (VA) -

This carry-over from the last Congress would require veterans with non-service connected injuries or disabilities be charged for this care to the extent that the cost is covered by a health insurance policy. It is a good, cost saving measure, but has been introduced by VA without success since 1970. The chief reason for its failure is the strong opposition of insurance carriers, particularly Blue Cross. With VA's new billing system, chances are improved, but not great, for passage. No hearings have been held or were ever scheduled.

Committees: House and Senate Veterans Affairs.

Readjustment Assistance Act of 1979 (VA) - Our VA health care amendments package did not pass last year. This item is particularly critical to our efforts to improve our Vietnam-era veterans policy. The readjustment counselling will expand VA's authority to provide psychological counselling to veterans with so-called "low-grade" problems and to their families.

Committees: House and Senate Veterans Affairs

VA Vocational Rehabilitation (VA) - Congress mandated a VA study on their voc rehab program which was completed and submitted last year. As part of our PRM, we announced that we would be sending up a \$10 million package which will be evidence of our commitment to the service connected disabled, recently challenged by Muller, Feldman, et al. It might be difficult keeping the cost under our ceiling.

Committees: House and Senate Veterans Affairs

Alcohol, Drug, and Psychological Special Treatment Facilities (VA) - This bill will allow the VA to establish half-way house care for treatment of alcohol, drug abuse, and other problems. It's an important part of our Vietnam veterans policy and should pass with our strong support.

Committees: House and Senate Veterans Affairs

Modification of Veterans Discharge Review Amendments (P.L. 95-126) (VA) - In the PRM, we announced our intention to introduce legislation to modify the harsh provision of this Act which barred benefits to combat veterans AWOL for 180 or more days.

Committees: House and Senate Veterans Affairs

G.I. Bill Improvement Act of 1979 (VA) - Also, as part of the PRM, we said we would seek legislation to extend the delimiting date on the G.I. Bill for three years for those veterans who are educationally or financially disadvantaged. VA will also offer sixteen other technical clarifications and improvements to the Act.

Committees: House and Senate Veterans Affairs

Authority to Provide Grants for Construction and Renovation of State Veterans Homes (VA) -

Exchange of Medical Information (VA)

Both routine bills were introduced in the last session of Congress. No hearings were scheduled then but early reauthorization is expected in the next Congress.

The first bill would extend and liberalize the current program of grants to States for veterans homes. It is a cost-efficient alternative to current extended care practice in VA facilities.

The second bill is an extension of VA's authority to exchange medical information within the medical community; authority was first granted in 1966.

Committees: House and Senate Veterans Affairs

VA Disability Compensation Cost-of-Living Increase (VA) - Congress will undoubtedly pass another annual cost-of-living increase for this program. The VA has not yet but will certainly recommend an adjustment.

Committees: House and Senate Veterans Affairs

Military Retirement Reform (DOD) - DOD is drafting legislation based upon the recommendations of the President's Commission on Military Compensation, or the Zwick Commission. This legislation will be controversial.

The Commission's recommendations attempt to make the military retirement program more flexible, fair, and cost-effective by offering:

- a. A non-contributory retirement plan which would provide a retirement annuity, a trust fund for deferred compensation, and severance pay to assist former service members to readjust to civilian life.
- b. More flexible and efficient active duty pay.

Basically, the reforms should go far to end double and triple dipping in the future and bring to an end the much-criticized current program which allows retirement after 20 years of service with half basic pay. The active duty pay reforms will attempt to meet serious recruiting problems in different areas of military service. Also, the deferred compensation trust fund should help strengthen retention in military service after ten or more years of service.

Committees: House and Senate Armed Services

Welfare, Social Services, Social Security

Welfare Reform (HEW, Labor): The Departments of HEW and Labor will ask the President to make broad decisions on cost and programmatic emphasis within the next two or three weeks, and recommendations will probably be divided between options costing \$7-8 billion and \$10-11 billion in FY '82. (This compares with a costing for the Program for Better Jobs and Income on a comparable basis of approximately \$19 billion.) The major areas of likely reform include two-parent cash coverage, a national minimum benefit, more jobs, improved administration and fraud reduction, more EITC for the working poor, and fiscal relief. (Carry Over)

Committees: House Ways and Means and Senate Finance (cash); House Education and Labor and Senate Human Resources (jobs); Agriculture committees (food stamps).

Social Security Cost Reductions (HEW)

Disability Insurance (DI): HEW's budget submission includes ten legislative proposals which, if enacted effective on the dates anticipated by HEW, would reduce DI outlays by \$360 million in FY '80 and by \$5.1 billion in FY '84. Among the four purely cost-saving proposals are: making benefits for new DI eligibles comparable to voluntary reduced-benefit early retirement at age 62, rather than a full-benefit retirement at age 65 (this is an average 20% benefit cut); capping family benefits to improve targeting; and imposing a labor-force attachment test (6 of 13 recent quarters). Six reforms are directed at reducing work disincentives, and OMB projects that these would have a negligible impact on costs. This DI package will be seen as harsh, and appears unlikely to be enacted.

Committees: House Ways and Means, Senate Finance.

Social Security: Old Age, Survivors Insurance (OASI) (HEW): HEW's budget submission includes 46 legislative proposals to cut costs and improve administration in the OASI program, including: elimination of early retirement; restrictions on student benefits; a ceiling on family benefits; and resubmission of 32 major and minor proposals unsuccessfully offered to Congress last year. Assuming prompt enactment and implementation, these proposals would reduce outlays by \$1.7 billion in FY '80, and \$13.2 billion in FY '84. Current recipients would be grandfathered at their current benefit levels, subject in some cases to smaller cost-of-living adjustments over a transition period. Prospects for enactment of cost reductions approaching the \$1.7 billion goal are not good.

Committees: House Ways and Means, Senate Finance

Child Nutrition Amendments (Agriculture): The Child Nutrition Amendments of 1978 included entitlement authority for the Special Supplemental Food Program for Women, Infants, and Children (WIC) that is \$250 million above current appropriations for FY '79. USDA will submit cost-saving proposals to finance this gap. In general, their package contains cost-saving measures which would improve the targeting of child nutrition programs. Among the major elements tentatively included are: (1) a nickel rollback in the federal subsidies for school lunches served to students with family incomes over 195% of poverty; (2) curtailing certain portions of the summer feeding programs; (3) reducing income eligibility for all child nutrition programs, and standardizing deductions; (4) limiting the special milk program to schools in which milk is not covered by a lunch or breakfast subsidy; and (5) a \$50 million reduction (to \$750 million) in the one-year FY '80 entitlement for WIC funding.

Committees: House Education and Labor, Senate Agriculture.

Title XX of the Social Security Act (HEW): The Revenue Act of 1978 included a one-year increase in the ceiling on total Title XX grants to the states from \$2.5 billion in FY '78 to \$2.9 billion in FY '79. HEW will propose that the Administration introduce legislation to maintain the ceiling at this level, while reducing the matching rate for day care within Title XX from the special 100% Federal financing now available (up to \$200 million) down to the 75/25 rate now used with other Title XX funds. Another element of the proposal will be to place a cap on state training expenditures, which are outside the ceiling, at 3% of the state grant. This will control the trend observed in some states of using Federal funds to train larger and larger portions of the state social services work force.

Committees: House Ways and Means, Senate Finance.

Child Support Enforcement Amendments (HEW): HEW is proposing a set of 15 measures to strengthen the child support enforcement programs under Title IV-D of the Social Security Act. Among the key measures are: expansion of IV-D authority to include alimony as well as child support awards; permitting states to receive wage information from the Social Security Administration; and improving the financial incentives for states to develop strong support enforcement programs. Several of HEW's proposals raise difficult

intergovernmental relations issues, in that they involve requirements affecting state civil laws and police powers. HEW will withdraw these proposals if the states voice strong objections. There is a more remote possibility of opposition to the proposals on privacy grounds.

Committees: House Ways and Means, Senate Finance.

Child Welfare Amendments (HEW): HEW will propose resubmission of the Administration bill from last year (S.1928), with minor changes. The key reform areas are in legal protections for the rights of children and parents, Medicaid coverage for hard-to-place children, subsidized adoptions, child welfare services, capped increases in AFDC foster care, and removal of AFDC foster care from Title IV-A for integration with the child welfare services and subsidized adoption programs. Legal protections and child welfare systems reforms are strongly supported by the Children's Defense Fund. Foster care groups and State Welfare Administrators have indicated that they will oppose an Administration attempt to introduce a ceiling on AFDC foster care expenditures. (Carry Over)

Committees: The Public Assistance Subcommittees of House Ways and Means and Senate Finance.

Indochinese Refugee Assistance (HEW, Justice, State): Congress ran out of time to consider the Administration's proposal to introduce AFDC-style matching funding for Indochinese Refugee Assistance and to limit Federal support to the first three years of residence. These proposals are widely supported as a reasonable way of limiting the open-ended program now in effect. Senator Kennedy may attempt to expand this measure into a comprehensive refugee assistance initiative. HEW has recently organized a task force to prepare a response to the likely Kennedy proposals. Senator Cranston is the other key actor. (Carry Over)

Committees: House Judiciary Subcommittee on Immigration and Ways and Means Subcommittee on Public Assistance; Senate Judiciary Subcommittee on Immigration and Human Resources full committee.

Domestic Volunteer Service Act Amendments (ACTION): This Act authorizes VISTA and the National Student Volunteer Program. These programs failed to get reauthorized in the last session and are currently operating under a continuing

resolution. ACTION's portion of the urban program -- the Urban Volunteer Corps -- was originally proposed as an amendment to this Act. Controversy over this new program in the House was the primary reason the reauthorization was not completed. (Carry Over)

Committees: House Education and Labor, Senate Human Resources.

Vocational Rehabilitation Amendments of 1973 (HEW) -

The President signed the voc rehab amendments this year with the understanding that the Administration would seek to modify the most objectionable features of the legislation: the CPI indexing of state grants; the prohibition of state use of the Joint Funding Simplification Act (JFSA); restrictions on states' rights to appeal adverse decision by the Secretary; the expansion of the Architectural and Transportation Barriers Compliance Board. We have commitments from Senate and House leaders to support some or all of the changes.

Committees: House Education and Labor, Senate Human Resources.

HOUSING

Condominium Act of 1978: H.R. 12124 is basically a Bill of Rights for Condominium Owners.

The most controversial section of the bill involves the rights of consumers who hold condominium recreation leases. Passage of a related Uniform Condominium Act by the Commission on Uniform State Laws has reduced the immediacy for passage of this bill. States interested in the problem of consumer protection can use this Act which would preempt the federal statute, if passed.

Proponents include Florida consumers (including Dick Pettigrew) condominium owners, Florida delegation and staff, Senators Chiles and Stone and Congressmen Rogers and Lehman. The National Association of Realtors and the National Association of Homebuilders are expected to oppose any controls. (carryover)

Committees: House and Senate Committees on Banking and Urban Affairs.

Modification and Simplification of Housing Programs: HUD is developing a comprehensive restructuring and modernization of the National Housing Act and its other basic housing authorities. The intent is to reorder and simplify essential functions and authorities covering mortgage insurance, GNMA purchase, and direct subsidy and other programs in permanent legislation.

Most Banking committee members, as well as outside constituencies representing housing and banking interests, have asked for this type of simplification for a long time. There are only a handful of people who can negotiate through the existing Housing Act. Without a better sense of what HUD is proposing in specifics, it is impossible to determine how controversial this legislation may be. However, it is likely controversy will arise where special interests are benefitting from the present complexity of programs and where simplification will make programs more competitive and available to a large segment of the public. We can expect public

housing advocates, private developers, mortgage bankers, etc all to seek amendments which detail their particular interests and preferred manner of doing business. Also because the statute will be broadly drawn, it is likely that the Congressional committees will question the discretion left to the Secretary in administering HUD programs. There will be attempts to limit this discretion.

While details of the HUD legislation have not been provided, a comprehensive rewrite of existing laws is likely to generate protracted debate and consume a major share of the working time of the relevant committees.

Committees: Senate and House Committees on Banking and Urban Affairs.

HUD Legislative Package:

HUD has submitted the following items in the FY '80 Budget. OMB is likely to oppose inclusion of all these initiatives.

Assistance to Voluntary Associations

This \$5 million HUD proposal would establish a new program under which grants and other forms of assistance would be given to national and local non-governmental voluntary associations to help carry out activities related to HUD's mission. Recipient groups would include such organizations as the Jewish Welfare Federations, the Urban Coalition, housing cooperatives, etc. Constituencies most interested in this bill would be the urban and civil rights groups. No opposition is apparent as yet.

Committees: Senate and House Committees on Banking and Urban Affairs.

FHA Insurance for Commercial Properties: Under this proposed \$200 million program (funds to be used over the first two years for a contingent liability fund), HUD would insure mortgages for the purchase of existing business properties or for the construction or rehabilitation of such real estate. Funds would be targetted to specific neighborhoods undergoing revitalization.

Supporters of the program include the Mortgage Bankers Association and Congressman Ashley. There has been no indication yet of private sector opposition to the program.

Committees: Banking and Urban Affairs

Mixed Income Rental Housing Production Demonstration Program: This HUD proposal would provide a new program to demonstrate innovative methods of assisting the construction and substantial rehabilitation of multi-family housing that is racially and economically integrated. Eligible tenants would be required to have incomes not in excess of 120% of the local median. In addition, there would be a sliding scale relating income to rent level.

Some housing groups are concerned that eligibility in this program is expanded to families that are not the lowest income. Others argue that experience with projects housing all low income families has proven that a mix is necessary to assure long-term project viability.

Committees: Banking and Urban Affairs

Equity Loan Insurance for the Elderly: This program would establish within HUD a new Reverse Equity Mortgage program to enable elderly homeowners to borrow against 40% of the equity in their homes. HUD estimates over 1 million low-income elderly would be affected by this program.

Elderly coalitions and urban interest groups would support this proposal. Because HUD would insure up to 100% loans made under this program, the banking lobbies would probably support it as well.

Committees: Banking Housing and Urban Affairs

Anti-Displacement Initiatives for Homeowners and Tenants: Targetting of Sec. 8 assistance is proposed through this program to enable low income homeowners to remain in developing neighborhoods and to help them preserve and upgrade existing housing. Supporters of this bill include many of the urban-oriented civil rights groups that have been raising the issue of displacement in their research and Congressional hearings.

- ✓ Criminal Code Reform: (DOJ) The proposed Federal Criminal Code provides for the first time an integrated compendium of Federal statutes and rules concerning crimes, the criminal justice process, and related matters. It also provides a guideline sentencing scheme, subject to appellate review which could result in more uniform sentencing. (Carry-over)

Committee: Judiciary

- ✓ Undocumented Aliens: (DOJ, DOL) Alien Adjustment Act, contained the Administration's legislative proposals for dealing with critical aspects of the undocumented alien problem. The bill contained provisions for the adjustment of status of aliens now in the United States and a sanction against employers who hire undocumented aliens. (Carry-over)

Committee: Judiciary

FBI Intelligence Charter: (DOJ) The Senate Intelligence Committee has drafted an omnibus bill to authorize and restrict the activities of the intelligence community, including the FBI. (Carry-over)

Committee: Judiciary

The FBI General Charter: (DOJ) The Justice Department has prepared a draft non-intelligence charter for the Federal Bureau of Investigation. The charter sets forth the duties of the FBI and authorizes the FBI to act to fulfill those responsibilities. It includes some restrictions on particularly sensitive investigative techniques and covers areas such as criminal, domestic security, civil, and undercover investigations. A copy of the draft, labeled "preliminary Staff", was shared with Senator Kennedy, with the understanding first, that it is not an official position of the FBI or the Department, and second, that it will be held in confidence. (Carry-over)

Committee: Judiciary

Justice Systems Improvement Act: (DOJ) Restructures the Law Enforcement Assistance Administration and provides a four-year authorization for justice assistance, research and statistics programs. It differs significantly from the current LEAA statute and makes major structural and substantive changes in the programs now being administered by LEAA. For each fiscal year from 1980 through 1983, the proposal includes authorization of \$50,000,000 to carry out the functions of the Bureau of Justice Statistics and the National Institute of Justice and \$750,000,000 to carry

out the remaining functions of LEAA and the Office of Justice Assistance, Research and Statistics. It is likely that the President's 1980 budget will request a substantially lower appropriation. (Carry-over)

Committee: Judiciary

Class Actions: (DOJ) The proposal would substitute two new statutory procedures of class damage actions in place of Rule 23(b)(3) of the Federal Rules of Civil Procedure and would strengthen judicial management of class suits. (Carry-over)

Committee: Judiciary

Institutionalized Persons: (DOJ) This proposal would authorize the Attorney General to bring actions for redress in cases involving deprivations of rights of institutionalized persons secured or protected by the Constitution or laws of the United States. (Carry-over)

Committee: Judiciary

Standing For Indirect Purchases: (DOJ) This proposal would amend the Clayton Act to provide standing to sue for damages as a result of antitrust violations for individuals and businesses which did not deal directly with those who violated the law. This legislation would reverse the Supreme Court's decision in Illinois Brick Company v. State of Illinois, as well as earlier precedent on defensive uses of the so-called "passing on" doctrine. (Carry-over)

Committee: Judiciary

Efficiency Package:

Diversity Jurisdiction: (DOJ) The Justice Department last year proposed legislation which would eliminate the original jurisdiction of district courts in civil actions in which the amount in controversy exceeds \$10,000 and is between citizens of different states in any state in which the plaintiff is a citizen. Justice estimates that this would eliminate about 11% of the civil caseload of the Federal courts. (Carry-over)

Committee: Judiciary

Dispute Resolution Act: (DOJ) This proposal would create a minor dispute resolution resource center in the Department of Justice and would provide seed money grants to the states for creation of minor dispute

resolution projects. It contains authorization for \$18,000,000 each year for five years. This includes \$3,000,000 each year for the Dispute Resolution Resource Center in the Department and \$15,000,000 each year for the grant program. (Carry-over)

Committee: Judiciary

Arbitration: As introduced last year, the bill would establish for a three-year period a process for District Courts to require mandatory arbitration in specified categories of civil actions, with the right to a full District Court trial de novo preserved. The use of arbitration under the statute would be mandated in five to eight districts to be selected by the Chief Justice and could be adopted by any other district that chose to do so. (Carry-over)

Committee: Judiciary

Handgun Policy: (DOJ) The Justice Department has drafted handgun legislation. It would outlaw "Saturday Night Specials", tighten the requirements for dealers of handguns, and require the screening of anyone who purchased a handgun, to determine whether he/she is a felon or is otherwise ineligible to possess firearms.

Committee: Judiciary

Anti-trust: (DOJ) The Commission appointed by the President to review the anti-trust laws is expected to submit its report in early 1979. It is anticipated that the Commission will recommend specific legislative changes which should be given serious consideration for submission in the 96th Congress.

Committee: Judiciary

Speedy Trial Act Amendment: (DOJ)

The Speedy Trial Act of 1974 becomes fully operational on July 1, 1979. At that time the law will require that federal criminal defendants be indicted within thirty (30) days of arrest, arraigned within ten (10) days of indictment, and brought to trial within sixty (60) days of arraignment. The sanction for failure to meet any of these time limits is dismissal of the indictment. The Department is researching the ability of United States Attorneys to meet those time limits.

Committee: Judiciary

NATURAL RESOURCES

Reform of 1872 Mining Law (Interior): Administration bill would replace "finders-keepers" system with leasing system. The proposal is strongly opposed by the mining industry. Udall's intentions are unclear and there is not yet a clear advocate to replace Senator Metcalf in the Senate on this issue. (Carry-over)

Committees: Senate Energy and House Interior

Cross-Florida Barge Canal (Army): Both Florida Senators support the Administration deauthorization bill; however, House opposition still must be overcome. Might come up next year in a larger package of deauthorizations of defunct projects. Our Cross-Florida restoration proposal also requires legislation. (Carry-over)

Committees: Public Works

Alaska Lands (Interior, Agriculture): Legislation will be high priority next year. The Administration will also take administrative actions to protect Alaska lands and spur legislation. (Carry-over)

Committees: Senate Energy and House Interior

Reclamation Act Amendments (Interior): Amendments of acreage limitations and other requirements of 1902 Law will be taken up but prospects are uncertain. Administration proposal would increase acreage allotments from 160 to 320 acres per person and would allow a maximum of 960 per operation. Residency would be required, although existing operations would be grandfathered. Regulatory actions will have to be taken next year in any event. (Carry-over)

Committees: Senate Energy and House Interior

Deep Seabed Mining (Interior, Commerce): Administration supports legislation but needs to reassess relationship to Law of the Sea Treaty. Legislation would authorize U. S. companies to exploit seabed resources, with some receipts to a third-world fund and all authority subject to a Law of the Sea Treaty, when signed. Passed House and nearly passed Senate in 95th. (Carry-over)

Committees: Multiple Committee interest (House Merchant Marine, Interior, Commerce and International Relations; Senate Energy, Commerce, International Relations).

Aquaculture (Commerce, USDA): In vetoing the legislation this year, we expressed willingness to consider a more limited bill. The vetoed bill contained extensive subsidies to the commercial industry. A more modest bill might include research and development or better coordination of Commerce and USDA programs. This will be taken up next year. (Carry-over)

Committees: Senate Commerce and House Merchant Marine & Fisheries

Heritage Program (Interior): Legislation will be sent up to enact President's National Heritage Program proposal. The program brings together natural area and historic preservation and protects significant sites from adverse Federal actions. From 1977 Environmental Message. (Carry-over)

Committees: House Interior and Senate Energy

National Environmental Policy Act (CEQ): Muskie or Jackson may seek legislative clarification of NEPA's applicability overseas and may also raise other NEPA issues. (Carry-over)

Committees: Senate Energy, Senate Environment, House Merchant Marine & Fisheries and House Interior

Nongame Wildlife (Interior): Legislation creating State grants for nongame wildlife protection died in the 95th Congress. The Administration proposed a limited planning grant program which is widely supported but failed to pass for lack of time. Administration compromise will be taken up next year. (Carry-over)

Committees: Senate Environment and House Merchant Marine & Fisheries

Natural Resources Reorganization (OMB): OMB PRP considers this a likely reorganization initiative. Any configuration is controversial. Key questions: Transfer of Forest Service, NOAA, water resources agencies to Interior to form a Department of Resource Conservation.

Committees: House Government Operations, Senate Governmental Affairs -- Interested: Agriculture, Senate Energy, House Interior and Senate and House Commerce.

Environmental Message (CEQ): Under consideration for next year.

Oceans (Commerce): Policy review is possible, but basic decision on scope still needed. Possible issues include 200-mile limit implementation, fisheries, coastal zone management, ocean transportation.

Committees: Senate Commerce, House Merchant Marine & Fisheries and others

RARE II (Roadless Area Review and Evaluation (Agriculture)): The Forest Service will complete analysis of 62 million acres of roadless National Forest lands and USDA will make final recommendations for wilderness, non-wilderness and "further study" by the end of the year. Administration legislative proposals for wilderness will then be developed (wilderness designations require legislation; non-wilderness is an administrative designation).

Committees: Senate Energy and House Interior

Water Policy Initiatives (Interior and Army): Cost-sharing legislation to go forward. The bill will implement the 10%/15% State cost-sharing proposal from the Policy Message, as well as the municipal conservation pricing option. Safety cost-sharing will also be addressed.

Committees: Primarily House and Senate Public Works, but also multiple committee interest

Water Project Deauthorizations (Interior and Army): Administration may propose deauthorization of water projects stopped recently or defunct for many years.

Committees: House and Senate Public Works

Returnable Bottles/Mandatory Product Charges (EPA): Statutory task force to report tentative recommendations soon. Administration position on legislation to follow. Likely to be controversial if mandatory charges are proposed.

Committees: Senate Public Works and House Commerce

Park and Wildlife Refuge Wilderness Proposals; Wild and Scenic Rivers Additions (Interior): Some Administration proposals were incomplete for 1977 Environmental Message or were not included in Omnibus Parks bill.

Committees: Senate Energy and House Interior

Clean Air Act (EPA): EPA is developing amendments to deal with hazardous emissions from activities such as building demolition (where asbestos is a problem). This is required due to recent court decision. Could be controversial.

Committees: House Commerce and Senate Environment

Safe Drinking Water Act (EPA): This is up for reauthorization next year and many of the States are requesting substantial sums to help them meet the Federally-mandated standards. OMB will probably want to press for rearrangement of the statutory relationship between the Federal government and the States on funding improvements in water supply systems. OMB also sees a budget threat in the future in the form of a construction grants program for the drinking water area.

Committees: Senate Environment and House Commerce

Endangered Species Act (Interior, Commerce): Legislation enacted this session provides only 18-month authorization.

Committees: Senate Environment and House Merchant Marine & Fisheries

Navajo and Hopi Indian Relocation Commission Annual Authorization: (Vetoed) Congressional oversight of Commission may lead to legislation making Commission more responsive to Executive and Congressional direction. (Independent Commission)

Committees: Senate Energy and House Interior

Archeology Act Authorizing Extension (DOI)

Authorization for Section 204 of the Marine Protection, Research and Sanctuaries Act (DOC)

Marine Mammal Protection Act Authorization (Sec. 114a)
(DOC)

Authorization for Section 304 of the Marine Protection,
Research and Sanctuaries Act (DOC)

Fishery Conservation and Management Act of 1976 (DOC)

Coastal Zone Management Act Authorization (DOC)

TRANSPORTATION

Maritime Policy: An interagency study group is completing a review of federal regulations of ocean freight transportation. Recommendations from the group may result in legislative proposals.

Committees: Senate Commerce, House Merchant Marine and Fisheries.

Surface Transportation Regulatory Reform: We intend to propose legislation to reduce ICC control of rate-setting and market entry and exit for the trucking and railroad industries. The rail and trucking parts of the bill are likely to face very different legislative prospects, with a strong rail bill likely to pass this year, while trucking reform may lag behind and suffer more weakening amendments.

Committees: Senate Commerce and possibly Judiciary; House Commerce for Rail and Public Works for Trucking.

Conrail: (DOT) Along with our rail regulatory reform proposal we will need to propose changes in the legislation authorizing Conrail. Our proposals are likely to involve additional funds coupled with much greater freedom to raise prices, abandon track and cease service in unprofitable lines of business. This will obviously be very controversial.

Committees: Senate and House Commerce Committees.

TREASURY/TRADE✓ Real Wage Insurance (Treasury)

The President announced in his recent inflation speech that he would propose legislation in January to institute a program of Real Wage Insurance (RWI). The RWI program would provide for income tax reductions to offset the loss in real income a worker complying with the wage guidelines would suffer in the event inflation exceeded 7% in 1979. This program is intended to induce moderation in wage demands in oncoming wage negotiations. Although RWI will generate considerable controversy, this intent cannot be served unless RWI is rapidly enacted. RWI is the most urgent piece of economic legislation we will submit in January.

Among the most likely issues to arise are

- budget treatment of RWI contingent liability
- conditions of coverage
- attempts to extend an RWI-like program to business
- attempts to move the trigger point for RWI payouts from 7% to a lower figure

Committees: House Ways and Means and Senate Finance

Custom Convention on Containers (Treasury)

The convention and implementing legislation will simplify the control and use of containers in international commerce. The convention was ratified in 1976. Implementing legislation has been submitted through OMB to the Congress. This legislation is not expected to be controversial.

(Carryover)

Committees: House International Relations or Merchant Marine and Fisheries
Senate Finance

Exchange Stabilization Fund Authorization (Treasury)

Under newly signed legislation, the past practice of using ESF resources to pay salaries and other administrative expenses related to Treasury's international work will be terminated. In view of this law, Treasury will be requesting both a supplemental authorization for 1979 and an authorization for 1980 when Congress reconvenes. This legislation is not expected to be controversial.

(Carryover)

Committees: House Banking, Finance, and Urban Affairs,
Senate Banking, Housing, and Urban Affairs

Carryover Basis (Treasury): Carryover basis is a major inheritance tax reform passed by Congress in 1976 -- by requiring that heirs pay capital gains taxes on the sale of inherited property on the basis of the purchase price paid by the decedent -- rather than the value of the property at the time of death.

The Revenue Act of 1978 postpones the application of carryover basis until after December 31, 1979. The Tax Committees will hold hearings on this issue in 1979 and there will be a strong attempt by trusts and estates lawyers and conservatives generally to repeal carryover basis. The President has made clear to Chairmen Long and Ulman his strong opposition to any such attempts. Treasury will make clear our opposition to repeal and propose legislation to simplify and improve administration of the carryover basis rules. (Carryover)

Committees with jurisdiction: Ways and Means and Finance.

Export Administration Act of 1969 (Treasury): The Export Administration Act expires on June 30, 1979, and will need to be renewed. The Act authorizes export controls to protect the national security and to further U.S. foreign policy goals. It also contains the Arab boycott legislation. Assuming that the boycott issue does not resurface, the major area of contention will probably arise over the President's authority to limit exports on national security grounds to countries like the Soviet Union, as in the recent Dresser case. It

is possible that Senator Jackson and his allies may attempt to put into effect more stringent controls on such exports, while the business community may try to move in the opposite direction.

Committees with jurisdiction: Both Foreign Affairs and Senate Commerce.

✓ CWPS Reauthorization (CWPS): CWPS' present authorization expires on September 30, 1979. We will need legislation to reauthorize CWPS and expand its budget from approximately \$2.2 million to roughly \$4.2 million (that will probably also be the subject of a supplemental for FY 1979). This bill will undoubtedly be a vehicle for a broad range of amendments affecting our anti-inflation program including stand by wage-price controls.

Committees with jurisdiction: House and Senate Banking.

Additional Tax Issues (Treasury):

Taxation of fringe benefits. The Revenue Act of 1978 prohibited IRS from issuing regulations on the subject until 1980. A task force of the Ways and Means Committee is now studying the matter and Congress intends to act in 1979. Treasury intends to work with that task force to develop possible legislative proposals.

Committees: Finance and Ways and Means.

Independent contractors. Congress has prohibited the IRS from changing the rules with respect to the distinction between independent contractors and employees until 1980. During 1978, the Ways and Means Committee announced its intention to enact legislation on this subject in 1979. Treasury will be developing Administration proposals.

Committees: Finance and Ways and Means.

Multilateral Trade Negotiations (MTN), (STR): The "Tokyo Round" of MTN is scheduled for completion on December 15, 1978. The negotiations will result in a complex package of trade agreements to reduce tariff and nontariff barriers to international trade. Implementation is as follows: (1) U.S. tariff reductions will be proclaimed by the President; and (2) Nontariff barrier agreements

must be submitted to Congress, which must take final action within 60 legislative days. The President must provide at least a 90-day notice to Congress of his intent to enter into such trade agreements. MTN implementing legislation will contain many sensitive issues.

Committees: House International Relations, Senate Finance

THE WHITE HOUSE

WASHINGTON

November 22, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE
LES FRANCIS
DAN TATE
BILL CABLE

SUBJECT: Legislative Priorities

The Congressional Liaison staff has reviewed the various items contained in the Vice President's memorandum regarding the 1979 agenda. We have made preliminary checks on the Hill to assess Congressional attitudes toward the various items and then have attempted to provide you with a brief evaluation on the prospects for each.

That information is presented in the four categories below. The categories are similar to those set out in the Key Policy Decisions section of the Vice President's memorandum (see page

After you have reached decisions on each or provided further direction, we will engage in further consultation where appropriate.

I. FOREIGN POLICY ISSUES ALREADY DECIDED

These important foreign policy priorities have already been identified by Presidential decision or dictated by circumstances.

✓ A. SALT

House and Senate

Two major questions - timing and form - must be answered before we can more precisely predict changes for successful ratification of a SALT agreement. We think we can win. However, early submission of an agreement in January or February, if possible, is essential if we are to avoid the impact of Presidential election politics. Delay will give the opposition ample opportunity to attack and distort SALT while our flexibility to respond will be limited due to the sensitivity of the negotiations.

Submitting SALT as an agreement rather than a Treaty may cause serious problems with potential Senate supporters. Senators Byrd and Mathias, for example, have already publically warned us against submitting SALT as an agreement. Additionally, an agreement requires House approval, where few members have any understanding of SALT and where election politics can have a serious impact on passage.

Although we cannot count 67 votes for a Treaty now, we believe the votes can be found. SALT, unlike Panama, has a constituency and is an issue of such magnitude that a vote against SALT must be politically justified. However, as with Panama, our principal concern is that opponents and supporters who need political cover, will seek to amend the Treaty in a way which makes it unacceptable to the Soviets.

B. Mideast Economic Assistance - House and Senate

We understand there may be a need to seek additional economic and security assistance appropriations if a peace treaty is concluded between Egypt and Israel. This could be accomplished by amending the Foreign Assistance Appropriation Bill when it comes to subcommittee mark-up in late spring or by submitting a special piece of legislation immediately after the treaty is concluded. (It is probably not possible to include the needed appropriations in our FY 80 budget request because of time constraints.) We favor special legislation, depending on the timing, since it will be seen as a "Peace Bill", thus enhancing chances for passage. If the monies are tied to the Foreign Assistance bill they could be jeopardized, since that bill will run into serious opposition this year, will surely be cut, and may be amended to the point of unacceptability.

We should not assume, however, that money for the Peace Treaty is automatic. Already, Speaker O'Neill and Clem Zablocki have reacted negatively to figures quoted in the press of up to \$3 Billion.

C. Multi-Lateral Trade Negotiations

House - MTN is a less visible issue on the House side. Ways and Means Committee staff do not consider the legislation high priority, when compared to oil pricing or revenue sharing, for example. This is probably to our advantage at this point.

Senate - We have nothing but problems in the trade field. The Senate is becoming more protectionist and the form in which the law requires the MTN to be presented to Congress is exceedingly conducive to building coalitions against a bill.

Legislation to implement the MTN must be voted upon without change - no amendments are in order at any point after the legislation is submitted by the President.

We are threatened with the real probability that disaffected and dissatisfied industries and workers - even some of those who have been taken care of under special arrangements (e.g., televisions and shoes) - will band together and scuttle the MTN.

To avoid this, we absolutely must line up adequate support for the MTN legislation before we submit it to Congress. Such an effort will require intensive involvement by you, the Vice President and Ambassador Strauss.

✓ D. Panama Implementing Legislation

House - Speaker O'Neill wants to move on the legislation immediately to avoid a protracted debate. He is seriously considering an Ad Hoc Committee to avoid splitting the legislation among four or five committees with the bulk going to Merchant Marine and Fisheries - a decidedly unfriendly committee on this issue. Chairman Murphy will object but may be placated if the Speaker names him Chairman of the Ad Hoc Committee. In any event, we will have a major fight.

Conservatives and right wing groups see the legislation as their last chance to stop the Canal give-away. Our approach should be that the principal debate has passed, the Senate Treaty is the supreme law of the land, the implementing legislation is only to insure a smooth transition, and any effort to block passage is irresponsible and obstructionist.

We can expect labor and the shipping companies to seek changes in the legislation. Labor will seek to strengthen guarantees for retiring workers and the shippers will want to insure the smallest possible toll increases.

Senate - We also anticipate some trouble with the legislation in the Senate. Senator Byrd will wait for the House to complete action first, and we expect that many Senators will want to deal with the legislation as quickly as possible. The conservatives are likely to filibuster and offer numerous amendments. However, we believe many Senators have had a stomach full of Panama and will want to avoid a protracted debate.

We need more information from State about what happens if implementing legislation does not pass. If the consequences of inaction are distasteful to the opponents, the legislation will move more quickly.

II. ANTI-INFLATION PROGRAM

✓ A. Real Wage Insurance

House - Ways and Means Committee members and staff are getting very impatient for genuine consultations to begin. As you know, we are hamstrung at this point because major parts of the program are not settled. We can pass this legislation much more easily if we bring Members and staff into the decision-making process before all major decisions have been made.

Senate - The EPG is just now making tentative final decisions on the elements of the plan. We have had little to discuss with the Hill to date, but should begin fairly extensive consultations the week after Thanksgiving.

Many Members of Congress are skeptical about the RWI program because of its complexity and the possible exorbitant budget exposure if the voluntary program does not work. However, many also realize the merit of this program and will help us, if we can answer the budget exposure questions.

✓ B. Hospital Cost Containment

House - In the House our current efforts need to focus on the composition of the Ways and Means Committee and the successor to Paul Rogers on the Health Subcommittee of the Commerce Committee. We have been working with the House leadership and Committee's membership to influence decisions in our favor. The Ways and Means Committee will be the more favorable of the two.

We can pass cost containment in the House. To do so, we will need a major task force effort.

Senate - The Finance Committee will likely work again on hospital cost containment using the Nelson Amendment which passed last year as its starting point. Few key committee members are enthusiastic about the Nelson approach so we must redouble our efforts to win committee approval.

✓ C. Surface Transportation Regulatory Reform

House - Those we have talked to suggest we go with rail deregulation first, because of substantial industry support. Congressman Jim Florio of New Jersey will probably succeed Rooney as Chairman of the House Subcommittee, but there may be a fight. If reorganization plans affecting the Commerce Department are sent up, regulatory reform could be delayed in the House committee.

Senate - Prospects for passage of rail deregulation are good. There is a jurisdictional problem between Commerce and Judiciary, but we believe Senators Cannon and Kennedy will work the problem out. We should stay out of it. On the other hand, Senators are afraid of truck deregulation.

The pace will probably be slower than we would like - rail deregulation may pass in calendar 79, but more likely in 1980, and trucking deregulation cannot pass before 1980 and perhaps not even then. In any event, progress will be relatively slow and hard-fought.

D. Sunset

House - This bill will likely receive a joint referral to the Government Operations Committee, the Rules Committee and possibly the Judiciary Committee. In the Government Operations Committee, Chairman Brooks held hearings in October of 1977 on similar legislation but did not notice a great deal of enthusiasm for it.

In a broad sense we can count on the AFL-CIO, other labor unions and the liberal/labor coalition in the House to be either nervous about the legislation or outright opposed to it, fearing that mandated reauthorization of social programs is the death knell for specific programs in this cost-conscious Congress. Rodino is showing more marked interest in the "oversight" type of function and consequently may have a deeper interest in sunset than he has had in the past.

Senate - Sunset legislation is likely to pass the Senate, but only if it does not contain Glenn's amendment on tax expenditures. Senator Long will never allow passage of a bill with tax expenditures in it.

E. Federal Pay Comparability Reform

House - This bill will be referred to the Pose Office and Civil Service Committee that will be chaired by Congressman Jim Hanley this year. The same lineup that surrounded the Civil Service reform bill will be at play here. The coalition most opposed to this bill will be the pro-labor Members on the Committee such as Bill Ford, Bill Clay, Jim Hanley, Steve Solarz, Ozzie Myers, etc., as well as Members who represent large numbers of civil servants (Herb Harris, Gladys Spellman, et al).

Essentially we will be forced to put together a coalition within the Committees similar to the one we used for the Civil Service Reform bill, and again, like the Civil Service bill, we can expect the Pay Comparability Act to receive wide support on the floor once it has passed the Committee.

Senate - The Government Affairs Committee has yet to focus on the reforms that could be included in this package. There was some tentative talk about doing something last year and Senator Eagleton showed some interest. Senior Committee staff is intrigued by the idea, but we will need to consult with them extensively while developing these reforms to induce action. The bill seems a candidate for action late in 1979 or in 1980.

III. DOMESTIC POLICY ISSUES ALREADY DECIDED

These are the major domestic policy issues to which you are publicly committed.

A. National Health Plan

House - Once again, much depends on who gets the Chairmanship of the Rogers subcommittee. Henry Waxman would probably favor a broader approach. Richardson Preyer would probably favor our approach. As you know, Rostenkowski is our strong ally on Ways and Means, favoring a narrower program.

Senate - The Senate generally and the Finance Committee specifically are not prepared to support any comprehensive NHI proposal. The clear sentiment favors catastrophic coverage and an incremental approach with no specific deadlines for implementing whatever subsequent elements are approved. Before NHI is seriously considered by either of these bodies, they will insist on improving the existing Medicare and Medicaid systems - attacking fraud and abuse, reforming hospital and physician reimbursement procedures, etc. - and would, therefore, not approve an NHI plan which would require substantial expenditures in either FY 79 or FY 80.

On the other hand, the Human Resources Committee appears to be prepared to move ahead rapidly on a comprehensive NHI bill, the primary restraint being the certainty that the Finance Committee (which shares NHI jurisdiction) would kill any such legislation.

B. Department of Education

House - This issue is recommended for early action in the House. As you know, most of the work has already been done as a result of last year's initiative. We should take this bill up early enough in the session to avoid the successful delaying tactics that defeated the bill in the 95th Congress. In terms of the Committee lineup, the referral will be to House Government Operations Committee. Last year Chairman Brooks moved this initiative as a result of a request from you and we believe he would likely respond again this year to a similar request. Several of the more antagonistic Members are no longer on the Committee.

Senate - Government Affairs Committee staff reports that Chairman Ribicoff has this legislation as a high priority. There is likely to be little problem in reporting the bill out of Committee. On the floor Republicans are likely to politicize the issue more than last time, charging a political pay-off. Nevertheless, the bill should pass.

✓ C. Alaska D-2 Lands

House - The House will again pass a bill much to our liking.

Senate - The Alaska d-2 lands bill will be the top priority for the Energy Committee in 1979. The Committee is likely to report out a bill very similar to the compromise measure that Gravel blocked last year. Committee staff indicates the Chairman will resist improving the bill in committee because of the risk of reopening old wounds. The Committee plans to move immediately on this issue.

On the floor we have an even chance of improving the bill by amendment. An improved bill will not be passed until a likely Gravel-Stevens filibuster is defeated. This is likely to be the first filibuster issue of the new Congress, assuming the Majority Leader does not try to change Senate cloture rules.

Judicious use of the Antiquities Act in the interim will speed things along in the Senate.

D. Solar Energy

House - Any proposal will be added to. We will have to fight off major add-ons (e.g., solar satellite).

Senate - Banking Committee staff sees little problem in including solar incentives in early authorizations for federal mortgage programs. However, the legislation should go up

early to be included in early authorization hearings.

Energy Committee staff also foresees no problem with solar legislation. They indicate, however, that we can expect some costly amendments to be offered. There will be a solar bill that passes the Senate next year, whether or not you submit legislation. Therefore, you should submit a program and get some of the credit yourself.

IV. ISSUES WHERE YOUR DECISION HAS BEEN REQUESTED

These are our comments on the issues where the general direction of our policy is unsettled. The Vice President's memorandum asks you to make decisions on the preparation of decision memoranda for these issues.

A. Reorganization

We are offering comments on the two reorganization programs in the most advanced state of preparation, economic development and natural resources.

House - Of the two most frequently mentioned government reorganization pieces, the Economic Development reorganization and the Natural Resources reorganization, it is clear that both will inspire passions on the Hill unequal to anything we've witnessed in the last two years on other reorganization plans. There will be serious questions of Committee and Subcommittee jurisdiction involved as well as a strong paternal interest in both agencies and programs mandated by the Congress.

On both reorganization issues, the political intelligence needs to be updated by the PRP. They will be moving ahead over the next several weeks to do the necessary consultations.

Senate - On Natural Resources reform, Senators Hollings and Magnuson are likely to oppose transferring NOAA to Interior, the former more vigorously than the latter. We believe the transfer of the Forest Service out of the Agriculture Department to Interior will be far more controversial. The timber industry is likely to work against the transfer. Conservatives from the west (McClure, Stevens, Hatch) will be particularly wary of Departmental efforts to turn the Forest Service into an agency advocating environmental protection rather than one encouraging production on our forest lands. Stevens will be particularly active, since the Forest Service was helpful to him on the D-2 lands issue but Interior decidedly was not.

Nevertheless, this plan will have the support of Chairman Jackson and makes good sense. Also, the burden of inaction flows against our opponents.

The economic development reorganization plan will be the subject of lengthy hearings in each of the interested Committees, since it involves grant programs that are politically important to each Senator. If submitted prior to the March 15 authorization deadline, it will force committees to shelve reauthorizations or new authorizations (e.g., National Development Bank) to meet the statutory deadline for reorganization plans. One minority staffer who has heard about the plan suspects we are trying to get all the important grant programs into one or two agencies so they will be easier to control for political purposes, an assessment obviously based on incomplete information.

Both these reorganization plans will be difficult to pass in their entirety. We are unlikely to succeed unless we proceed gradually. We would favor breaking both into smaller pieces and trying to pass each piece individually.

B. Undocumented Aliens

House - House interest is low. Most Hispanic groups oppose the legislation and nearly no one is pushing for the new legislation. There will be a new subcommittee Chairman in the House.

Senate - There is still interest in dealing with the problem of undocumented aliens. Judiciary has not considered the bill as high on its priority list, particularly since Chairman Kennedy has apparently cooled on our proposal. Nevertheless, staff has great interest in beginning discussions on what should be done. Now that Senator Eastland has retired, some barriers to dealing with employers who hire undocumented aliens have disappeared.

Some Senators who should help us on this issue may be reluctant to become visibly involved because it is politically volatile in their states (e.g., Cranston).

We believe that the Administration should push for a good bill and consult with Chairman Kennedy early in the drafting stage.

C. Welfare Reform

House - There is no consensus in the House about where to go on this issue. Jim Corman wants a major program. There is less pressure in the House for fiscal relief than in the Senate.

Senate - The Senate Finance Committee will not adopt any plan which guarantees a minimum income for welfare recipients and almost certainly will not report any comprehensive reform or revision plan. The Committee Chairman is preoccupied with stronger work incentives and the single committee member most sympathetic to welfare revision (Senator Moynihan) is preoccupied with fiscal relief for the States.

D. Election Reform

House - The speaker has indicated that this will be a high priority. We should work with Tip and support a program they work out.

✓ Senate - Last year's FECA amendments can probably pass, but only if no public financing amendments or amendments imposing additional requirements on political action committees are added. Also, amendments imposing additional restrictions on party spending will be filibustered by Senate Republicans.

A public financing bill will also be filibustered by the Republicans. There is no chance that cloture will succeed. As you remember, we failed last year because all Republicans stuck with Baker and Long carried all conservative Democrats with him.

We should be alert for attacks on the Presidential public financing system already in place.

E. Urban Policy - National Development Bank

House - At best the House is lukewarm on our proposals. The National Development Bank faces jurisdictional problems - three substantive committees fighting among themselves. The entire revenue sharing issue (general and supplemental fiscal assistance) is ripe to be eliminated. Related reorganization plans may complicate the situation for these already tough proposals.

Senate - Chairman Proxmire has not made up his mind on this legislation, although he promises hearings very early. Staff has indicated he will have many questions. Senator Garn, ranking minority on Banking, can be expected to attack the program as inflationary. He will also respond to the private bank's interest in the status quo. We will be very lucky to get this program passed by the March 15 Budget Committee deadline for authorizations. The minority will suggest an alternative insurance program run from the FHA.

F. Labor Law Reform

House - The mood in the House Committee is "let the Senate do it first and then talk to us." We should look to the AFL-CIO and Senate for an answer as to if or when.

Senate - The Human Resources Committee is receiving no pressure to schedule labor reform next year. However, Committee staff believes the spark may be revived after labor's meetings with Ray Marshall this week.

Any bill remotely resembling last year's effort is not likely to pass. Eight of our 59 cloture votes were defeated or retired this year. Only three or four potential cloture votes replaced them. To pass, the bill must be watered down beyond recognition.

Labor believes you said in your Steelworkers' speech that you would send up labor reform next year if it failed this year.

G. Oil Pricing

House - The House expects you to propose the mechanism for moving from the current levels to world price. They are somewhat more willing to deal with issues like windfall profits and/or rebates.

Senate - In light of your Bonn summit commitment on oil pricing, the Hill is expecting us to act either legislatively or administratively, or in combination, to allow domestic prices to rise to the world level by 1980.

The COET is dead and in our judgment, cannot be revived, not because of its lack of merit, but because of the Hill mind-set against it.

Most centrists on the Hill believe that the same result as COET can be attained if we lift controls contingent on enactment of a strong excess profits tax. This seems to

have considerable appeal to the industry as well.

Of course, elevated concerns over inflation must be taken into account in determining our oil pricing policy. This will certainly be a factor used against us if we propose quick decontrol.

Nevertheless, it is to our advantage that the Senate is looking to you for guidance on this difficult issue. Once again, we should seize the initiative aggressively and push for a good program.

H. Genocide Convention

✓ Senate - Hill staff strongly recommends the Genocide Convention not be dealt with until after SALT has been approved. We agree. In any event, the Foreign Relations Committee does not have the resources to deal with the issue until SALT is finished. We believe we can win approval of the convention when it is eventually considered by the full Senate.